

Gregg M. Galardi, Esq.
Ian S. Fredericks, Esq.
SKADDEN, ARPS, SLATE, MEAGHER &
FLOM, LLP
One Rodney Square
PO Box 636
Wilmington, Delaware 19899-0636
(302) 651-3000

Dion W. Hayes (VSB No. 34304)
Douglas M. Foley (VSB No. 34364)
MCGUIREWOODS LLP
One James Center
901 E. Cary Street
Richmond, Virginia 23219
(804) 775-1000

- and -

Chris L. Dickerson, Esq.
SKADDEN, ARPS, SLATE, MEAGHER &
FLOM, LLP
333 West Wacker Drive
Chicago, Illinois 60606
(312) 407-0700

Proposed Counsel to the Debtors
and Debtors in Possession

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION

- - - - - x
In re: : Chapter 11
:
Circuit City Stores, Inc., : Case No. 08-35653-KRH
et al., :
:
Debtors. : Jointly Administered
- - - - - x

**FINAL ORDER GRANTING MOTION OF DEBTORS FOR ENTRY OF
ORDER PURSUANT TO BANKRUPTCY CODE SECTIONS 105, 363
AND 365 (I) ASSUMING AGENCY AGREEMENT AMONG DEBTORS,
HILCO MERCHANT RESOURCES, LLC AND GORDON BROTHERS
RETAIL PARTNERS, LLC, AND (II) AUTHORIZING
THE DEBTORS TO CONTINUE AGENCY AGREEMENT SALES
PURSUANT TO STORE CLOSING AGREEMENT**

Upon the motion (the "Motion")¹ of the Debtors for an order, pursuant to Bankruptcy Code sections 105(a), 363 and 365, (i) assuming the Store Closing Agreement between the Debtors and Agent, and (ii) authorizing the debtors to continue Store Closing Sales pursuant to the Store Closing Agreement and the Sale Guidelines; and upon the Besanko Declaration; and it appearing that the relief requested by the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and after due deliberation and sufficient cause appearing therefor, it is hereby

FOUND AND DETERMINED that:

1. This Court has jurisdiction over this matter pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).
2. Venue of the Debtors' chapter 11 Cases and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

¹ Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Motion or the Store Closing Agreement.

3. Due and sufficient notice of the Motion has been given under the particular circumstances and no other or further notice need be given.

4. On November 4, 2008, the Debtors and the Agent entered into the Store Closing Agreement and immediately commenced the Store Closing Sales. A copy of the Store Closing Agreement, as modified by the letter agreement in substantially final form attached thereto, is attached hereto as Exhibit A.

5. Time is of the essence in assuming the Store Closing Agreement and continuing the Store Closing Sales uninterrupted.

6. The Debtors' decisions to (i) assume the Store Closing Agreement and (ii) continue performance under and payments required by the Store Closing Agreement is a reasonable exercise of the Debtors' sound business judgment and is in the best interests of the Debtors, their estates, their creditors, and all parties in interest. Therefore, it is hereby

ORDERED, ADJUDGED, AND DECREED that:

1. The Motion is GRANTED and any objections not resolved prior to or on the record at the hearing or by this Order are overruled.

2. Pursuant to Bankruptcy Code section 365, assumption by the Debtors of the Store Closing Agreement attached as Exhibit A is hereby directed, authorized and approved.

3. Pursuant to Bankruptcy Code sections 105 and 363, the Debtors are authorized to continue performance under and make all payments required by the Store Closing Agreement as and when due thereunder without further order of this Court.

4. The Debtors are authorized to continue the Store Closing Sales in the ordinary course of business.

5. The Sale Guidelines attached hereto as Exhibit B are hereby approved; provided, however, that the Agent and Landlords of the Closing Stores are authorized to enter into agreements between themselves modifying the Sale Guidelines without further order of the Court provided that such agreements do not have a

material adverse effect on the Debtors or their estates and do not result in a reduction of amounts due to the Debtors under the Store Closing Agreement; provided, further, that this Order does not impair the rights of the Agent or any Landlord under such agreements that were entered into prior to entry of this amended Order and all such agreements shall remain in full force and effect.

6. To the extent of any conflict between the Sale Guidelines and the Store Closing Agreement, the Sale Guidelines shall control over the Store Closing Agreement.

7. Except as otherwise provided in the Store Closing Agreement, pursuant to section 363(f) of the Bankruptcy Code, all Merchandise and FF&E sold pursuant to the Store Closing Agreement shall be sold free and clear of any and all interests, including, without limitation, mortgages, security interests, liens, judgments, encumbrances and "claims" as defined in Bankruptcy Code section 105 (collectively, "Liens"), with such Liens, if any, attaching to the Proceeds.

8. To the extent Agent is conducting the Store Closing Sales in violation of any provision of any of the Debtors' leases, all of the Debtors' landlords are directed to accept this Order as binding authority authorizing the Debtors and the Agent to conduct the Store Closing Sales at the Closing Stores, including, without limitation, conducting and advertising of the Store Closing Sales in accordance with the Store Closing Agreement, the Sale Guidelines and this Order.

9. No approval, license or permits of any governmental authority shall be required to conduct the Store Closing Sales.

10. If any parties or persons, including but not limited to landlords, subtenants, utility companies, governmental agencies, sheriffs, marshals or other public officers, creditors and all those acting for or on their behalf, believe that cause exists to: (a) prohibit Agent from advertising the Store Closing Sales, to the extent same is consistent with the Agency Agreement, (b) in any way interfere with or otherwise impede the conduct of the Store Closing Sales at the Closing Stores or the use or maintenance of the Debtors'

assets of the Debtors located at the Closing Stores, or (c) institute any action or proceeding in any court or other administrative body having as its objective the obtaining of an order or judgment against the Debtors, Agent or a landlord that might in any way directly or indirectly obstruct or otherwise interfere with or adversely affect the conduct of the Store Closing Sales and/or seek to recover damages for breach(es) of covenants or provisions in any lease or sublease based upon any relief authorized herein, this Court shall retain exclusive jurisdiction to resolve such dispute, and such parties or persons shall take no action against the Debtors, Agent, the landlord related the Store Closing Sales until this Court has resolved such dispute. This Court shall hear the request of such persons or parties with respect to any such disputes on an expedited basis, as may be appropriate under the circumstances.

11. The Store Closing Sales at the Closing Stores shall be conducted by the Debtors and Agent notwithstanding any restrictive provision of any lease, sublease or other agreement relative to occupancy

affecting or purporting to restrict the conduct of the Store Closing Sales, the rejection of leases, abandonment of assets or "going dark" provisions; provided, however, that nothing in this Order shall impact any objection a landlord may have to assumption, assignment or rejection of their respective lease or to any proposed cure amount or rejection damages claim in association with such assumption, assignment or rejection.

12. Except as may otherwise be specifically set forth in the Sale Guidelines, the Debtors and/or Agent (as the case may be), are authorized and empowered to transfer the Assets among the Closing Stores, notwithstanding anything in applicable non-bankruptcy law to the contrary.

13. No bulk sale or similar law shall prohibit the Debtors or the Agent from taking action contemplated by the Store Closing Agreement.

14. Provided that the Store Closing Sales are conducted in accordance with the terms of this Order, the Store Closing Agreement, and the Sale Guidelines, the Debtors, their landlords and Agent are presumed to

be in compliance with the requirements of any applicable "going out of business," "store closing," similar inventory liquidation sales, bulk sale laws or any other laws that purport to regulate, prohibit, restrict, or in any way limit Agent's use, in conformity with the Sale Guidelines, of (i) signwalkers; (ii) interior store signage and banners; and (ii) exterior banners (each a "GOB Law," and together, the "GOB Laws"). To the extent there is a dispute arising from or relating to the Store Closing Sales, this Order, the Store Closing Agreement, or the Sale Guidelines (each a "Reserved Dispute"), which dispute relates to any GOB Law, this Court shall retain exclusive jurisdiction to hear and determine all such Reserved Disputes.

15. Agent shall execute all documents and take all other actions as are reasonably required to evidence the release of security interests and liens granted under section 17 of the Store Closing Agreement.

16. Hoprock Limonite, LLC, 1030 W. North Ave Bldg., LLC, F.R.O. LLC IX, Manufacturers & Traders Trust Company, as Trustee, Taubman Auburn Hills Associates Limited Partnership, UTC I, LLC, EklecCo NewCo, LLC,

Mallview Plaza Company Ltd. (c/o Carnegie Management and Development Corporation), Inland US Management, LLC, Inland American Retail Management, LLC, and SimVest Real Estate II, LLC (collectively, the "Agreed Landlords") have reached agreements (in writing or by email) with the Debtors regarding the payment of certain obligations of the Debtors under the terms of the Agreed Landlords' leases that are the subject of the Motion (the "AL Leases") as a means by which Agreed Landlords' objections were resolved and withdrawn (the "Resolutions") and desire to be bound by the terms of the Resolutions; provided, further, that such Resolutions shall be deemed to be effective and binding, and no formal stipulation or court order is required; provided, further, that such Resolutions shall supersede any agreement between the Debtors and the Agreed Landlords made on the record at the December 5, 2008 hearing concerning payment of obligations of the Debtors under the terms of AL Leases or the appropriate method of determining when obligations arise under Bankruptcy Code section 365(d)(3); provided, further, that the Debtors and the Agreed Landlords reserve all rights with

respect to appropriate method of determining when obligations arise under Bankruptcy Code section 365(d)(3).

17. Except with respect to the Agreed Landlords, the agreement between the Debtors and those landlords that objected or appeared (whether in person or telephonically) at the hearing (collectively without the Agreed Landlords, the "Objecting Landlords") concerning (i) the payment of certain obligations of the Debtors under the terms of the Objecting Landlords' leases that are the subject of the Motion (the "OL Leases") and (ii) appropriate method of determining when obligations arise under Bankruptcy Code section 365(d)(3), which was memorialized on the record at the December 5, 2008 hearing, shall supersede any prior agreements between such parties and shall be deemed to be effective and binding, and no formal stipulation or court order is required. If an Objecting Landlord receives payment of any obligation under an OL Lease for which the Debtors are (or were) not obligated to pay (in whole or in part) under the applicable law agreed to by and among the Debtors and Objecting Landlords on the

record at such hearing, each such Objecting Landlord shall, within three (3) business days after a written request, return by wire or overnight delivery the amount the Debtors were not obligated to, but did pay.

18. Notwithstanding Bankruptcy Rules 6004 and 6006, this Order shall be effective and enforceable immediately upon entry and its provisions shall be self-executing. In the absence of any person or entity obtaining a stay pending appeal, the Debtors and the Agent are free to perform under the Store Closing Agreement at any time, subject to the terms thereof.

19. The Court shall retain exclusive jurisdiction to resolve any dispute arising from or relating to the interpretation or implementation of this Order.

Dated: Richmond, Virginia
_____, 2008

UNITED STATES BANKRUPTCY JUDGE

WE ASK FOR THIS:

Gregg M. Galardi, Esq.
Ian S. Fredericks, Esq.
SKADDEN, ARPS, SLATE, MEAGHER & FLOM, LLP
One Rodney Square
PO Box 636
Wilmington, Delaware 19899-0636
(302) 651-3000

- and -

Chris L. Dickerson, Esq.
SKADDEN, ARPS, SLATE, MEAGHER & FLOM, LLP
333 West Wacker Drive
Chicago, Illinois 60606
(312) 407-0700

- and -

/s/ Douglas M. Foley
Dion W. Hayes (VSB No. 34304)
Douglas M. Foley (VSB No. 34364)
MC GUIREWOODS LLP
One James Center
901 E. Cary Street
Richmond, Virginia 23219
(804) 775-1000

Counsel to the Debtors and Debtors in Possession

CERTIFICATION OF ENDORSEMENT UNDER LOCAL RULE 9022-1(C)

I hereby certify that this Order was either served upon or endorsed by all the necessary parties.

/s/ Douglas M. Foley

EXHIBIT A
(STORE CLOSING AGREEMENT)

AMENDED AND RESTATED AGENCY AGREEMENT

This Amended and Restated Agency Agreement (the "Agreement") is made as of this 4th day of November, 2008 by and between a Joint Venture Composed of Hilco Merchant Resources, LLC and Gordon Brothers Retail Partners, LLC (together, jointly and severally, the "Agent") and Circuit City Stores, Inc., a Virginia corporation ("CCI"), Circuit City Stores West Coast, Inc., a California corporation, and CCI's other direct and indirect subsidiaries (collectively, "Merchant") with a principal place of business at 9950 Mayland Drive, Richmond, Virginia 23233.

RECITALS

WHEREAS, Merchant desires that Agent act as Merchant's exclusive agent for the purpose of conducting a sale (the "Sale") of all of the Merchandise (as hereinafter defined) located in one hundred fifty-four (154) retail store locations set forth on Exhibit 1 (each a "Closing Store," and collectively the "Closing Stores").

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Agent and Merchant hereby agree as follows:

Section 1. Defined Terms. The terms set forth below are defined in the Sections referenced of this Agreement:

<u>Defined Term</u>	<u>Section Reference</u>
Additional Stores	Section 21
Agency Account	Section 7.2(a)
Agency Documents	Section 12.1(b)
Agent	Preamble
Agent Claim	Section 13.5
Agent Letter of Credit	Section 3.3(b)
Agent's Fee	Section 3.2
Agent Indemnified Parties	Section 14.1
Agreement	Preamble
Applicable Law	Section 9.12
Benefits Cap	Section 4.1(b)
Central Service Expenses	Section 4.1
Closing Stores	Recitals
Cost File	Section 5.3(a)
Cost Value	Section 5.3(a)
Defective Merchandise	Section 5.1(b)
Designated Merchant	Section 7.2(b)
Accounts	
Discount	Section 5.3
Display Merchandise	Section 5.1

<u>Defined Term</u>	<u>Section Reference</u>
Estimated Guarantee Amount	Section 3.3(a)
Events of Default	Section 15
Excluded Defective Merchandise	Section 5.1
Excluded Goods	Section 5.1
Expenses	Section 4.1
FF&E	Section 5.1(b)
Final Reconciliation	Section 3.5(b)
Gross Rings	Section 3.4
Guaranteed Amount	Section 3.1(a)
Guaranty Percentage	Section 3.1(a)
Layaway Inventory	Section 9.3(c)
Lender Agent	Bank of America, N.A., in its capacity as agent under Merchant's existing credit facility
Merchandise	Section 5.1(a)
Merchant	Preamble
Merchant Consignment Goods	Section 5.2(a)
Occupancy Expenses	Section 4.1
Payment Date	Section 3.3(c)
Permitted Installation Services	Section 8.2
Pricing Adjustment	Section 5.3(b)
Proceeds	Section 7.1
Retail Price	Section 5.3
Recovery Amount	Section 3.1(b)
Refund	Section 9.8
Remaining Merchandise	Section 3.2
Reserve Inventory	Section 9.3(c)
Reserve & Layaway Inventory	Section 9.3(c)
Retained Employee	Section 10.1
Retainer	Section 3.3(b)
Retention Bonus	Section 10.4
Sale	Recitals
Sale Commencement Date	Section 6.1
Sale Guidelines	Section 9.1
Sale Term	Section 6.1
Sale Termination Date	Section 6.1
Sales Taxes	Section 9.4
Supplies	Section 9.5
Vacation Benefits	Section 4.1
WARN Act	Section 10.1
Weekly Sale Reconciliation	Section 3.5(a)

Section 2. Appointment of Agent.

2.1 Appointment of Agent. Merchant hereby irrevocably appoints Agent, and Agent hereby agrees to serve as Merchant's exclusive agent for the limited purpose of conducting the Sale and, to the extent designated by Merchant, disposing of Merchant's owned FF&E, in accordance with the terms and conditions of this Agreement.

Section 3. Guaranteed Amount and Other Payments.

3.1 Payments to Merchant.

(a) As a guaranty of Agent's performance hereunder, Agent guarantees to Merchant that the Proceeds of the Sale shall equal or exceed seventy-two percent (72%) (the "Guaranty Percentage") of the aggregate Cost Value of the Merchandise included in the Sale (the "Guaranteed Amount") plus an amount sufficient to pay all Expenses.

(b) To the extent that Proceeds exceed the sum of (x) the Guaranteed Amount, (y) Expenses of the Sale, and (z) three and one half percent (3.5%) of the aggregate Cost Value of the Merchandise (the "Agent's Fee") (the sum of (x), (y) and (z), the "Sharing Threshold"), then all remaining Proceeds of the Sale above the Sharing Threshold shall be shared fifty percent (50%) to Merchant and fifty percent (50%) to Agent. All amounts, if any, to be received by the Merchant from Proceeds in excess of the Sharing Threshold shall be referred to as the "Recovery Amount." The Agent shall pay to the Merchant the Guaranteed Amount, the Recovery Amount, if any, in the manner and at the times specified in Section 3.3 below. The Guaranteed Amount and the Recovery Amount will be calculated based upon the aggregate Cost Value of the Merchandise as determined by the amount of Gross Rings, as adjusted for shrinkage per this Agreement.

(c) The Guaranty Percentage has been fixed based upon the aggregate Cost Value of the Merchandise, being not less than \$190,000,000 (the "Merchandise Threshold"), or in excess of \$220,000,000 (the "Merchandise Ceiling"). To the extent that the aggregate Cost Value of the Merchandise included in the Sale is less than the Merchandise Threshold, or in excess of the Merchandise Ceiling, the Guaranty Percentage shall be adjusted in accordance with Exhibit 3.1(c) annexed hereto, as and where applicable. In the event that the aggregate Cost Value of the Merchandise in Merchant's perpetual inventory file is less than \$197,500,000 as of the Sale Commencement Date, Merchant shall deliver to the Stores (at Agent's direction) additional goods of similar mix, quality and assortment as set forth on Exhibit 12.1(n) to be included as Merchandise with an aggregate Cost Value sufficient to remedy such shortfall, which goods must be received at the Closing Stores designated by Agent no later than the 7th day after the Sale Commencement Date.

3.2 Payments to Agent.

(a) The Agent shall receive as its compensation for services rendered to the Merchant, the Agent's Fee, plus all remaining Proceeds of the Sale after payment of the Guaranteed Amount, Expenses of the Sale, the Recovery Amount, if any, and all other amounts payable to the Merchant from Proceeds hereunder.

(b) Subject to Merchant's rights with respect to the Recovery Amount, all Merchandise remaining, if any, at the Sale Termination Date (the "Remaining Merchandise") shall become the property of Agent, free and clear of all liens, claims and encumbrances, provided, however, that Agent shall use its best efforts to sell all of the Merchandise during the Sale. Any proceeds received from the sale of any Remaining Merchandise shall be deemed Proceeds under this Agreement.

3.3 Time of Payments.

(a) During each week's reconciliation as provided for in section 3.5 during the Sale Term, all Proceeds of the Sale shall be deposited into the Designated Deposit Accounts. Proceeds shall be disbursed, on a weekly basis, as follows: (i) first, to Merchant, to reimburse Merchant for Expenses paid by Merchant during the previous week, (ii) second, to Agent, to reimburse Agent for Expenses paid by Agent during the previous week, (iii) third, to Merchant, until the Guaranteed Amount is paid in full, (iv) fourth, to Agent, until the Agent's Fee is paid in full, (v) fifth, to Merchant, in payment of the Recovery Amount, and (vi) sixth, to Agent, the remainder.

(b) Within two (2) business days after the Sale Commencement Date, Merchant will fund an Expense retainer in the amount of \$1 million (the "Retainer") from Proceeds of the Sale to secure payment of Expenses, which Retainer shall be held until the earlier of (i) assumption of this Agreement in a chapter 11 proceeding, if any, and (ii) Final Reconciliation; provided, further, that in the event this Agreement is assumed in a chapter 11 proceeding, if any, the Retainer shall be applied in connection with next Weekly Sale Reconciliation occurring thereafter to amounts owed to the Agent under this Agreement.

(c) No later than two (2) business days after execution hereof (the "Payment Date"), and to secure payment of the unpaid portion of the Guaranteed Amount and Expenses from Agent to Merchant hereunder, Agent shall deliver to Merchant an irrevocable standby letter of credit, naming Merchant as beneficiary, substantially in the form of Exhibit 3.3(b) attached hereto, in the original face amount equal to the \$30,000,000 (the "Agent Letter of Credit"). Agent shall use its best efforts to cause the Agent Letter of Credit to be delivered no later than the Payment Date. In the event that Agent shall fail to pay to Merchant, any amount required to be paid hereunder, Merchant shall be entitled to draw on the Agent Letter of Credit to fund such amount following five (5) days' written notice to Agent of the Merchant's intention to do so. The Agent Letter of Credit shall expire no less than sixty days after Sale Termination; provided however; Merchant and Agent agree that after payment of the unpaid portion of the Guaranteed Amount pursuant to Section 3.3(a), the face amount of the Agent Letter of Credit shall be reduced in an amount(s) to be agreed upon by Merchant and Agent, but in any event not less than the sum of any and all amounts then due or to be due and

payable from Agent in connection with the Guaranteed Amount or Expenses. Unless the parties shall have mutually agreed that they have completed the Final Reconciliation under this Agreement, then, at least thirty (30) days prior to the initial or any subsequent expiry date, Merchant shall receive an amendment to the Agent Letter of Credit solely extending (or further extending, as the case may be) the expiry date by at least sixty (60) days. If Merchant does not receive such amendment to the Agent Letter of Credit no later than thirty (30) days before the expiry date, then all amounts hereunder shall become immediately due and payable and Merchant shall be permitted to draw under the Agent Letter of Credit in payment of amounts owed and Merchant shall hold the balance of the amount drawn under the Agent Letter of Credit as security for amounts that may become due and payable to Merchant hereunder. In addition, Merchant has represented that its perpetual inventory file will show that the aggregate Cost Value of the Merchandise is no less than \$197,500,000 as of the Sale Commencement Date.

3.4 Gross Rings. During the Sale Term, Agent and Merchant shall keep a strict count of register receipts and reports to determine the actual Cost Value of the Merchandise sold by SKU. All such records and reports shall be made available to Agent and Merchant during regular business hours upon reasonable notice. Agent shall pay that portion of the Guaranteed Amount calculated on the Gross Rings basis, to account for shrinkage, on the basis of 101.75% of the aggregate Cost Value of Merchandise sold during the Sale Term.

3.5 Reconciliation

(a) On each Thursday during the Sale Term, commencing on the second Thursday after the Sale Commencement Date, Agent and Merchant shall cooperate to jointly prepare a reconciliation of the weekly Proceeds of the Sale, Expenses and any other Sale related items that either party may reasonably request (the “Weekly Sale Reconciliation”).

(b) Within thirty (30) days after the Sale Termination Date, Agent and Merchant shall jointly prepare a final reconciliation of the Sale, including, without limitation, a summary of Proceeds, Expenses, and any other accounting required hereunder (the “Final Reconciliation”) and deliver the same to each other. Within five (5) days of completion of the Final Reconciliation, Agent shall pay to Merchant, or Merchant shall pay to Agent, as the case may be, any and all amounts due the other pursuant to the Final Reconciliation. During the Sale Term, and until all of Agent’s obligations under this Agreement have been satisfied, Merchant and Agent shall have reasonable access to Merchant’s and Agent’s records with respect to Proceeds and Expenses to review and audit such records.

Section 4. Sale Expenses.

4.1 Expenses. Agent shall unconditionally be responsible for all Expenses incurred in conducting the Sale. As used herein, “Expenses” shall mean Closing Store-level operating expenses of the Sale which arise during the Sale Term

(except in the case of (c) below, which may arise prior to the Sale Commencement Date) at the Closing Stores limited to the following:

- (a) all payroll (including SPIFS) for Retained Employees for actual days/hours worked in the conduct of the Sale and third party payroll processing fees;
- (b) amounts payable including FICA, unemployment taxes, worker's compensation, healthcare insurance benefits, and paid time-off benefits that accrue during the Sale for Retained Employees in an amount not to exceed 20.4% of base payroll for each Retained Employee (the "Benefits Cap");
- (c) on-site supervision of the Stores, including base fees and bonuses of Agent's field personnel, actual costs of temporary employees retained by Agent through third-party agencies during the Sale Term, travel to and from the Stores and incidental out-of-pocket and commercially reasonable travel expenses relating thereto (including reasonable and documented corporate travel to monitor and manage the Sale)
- (d) advertising and signage expenses (at Merchant's contract rates, if available);
- (e) local, leased line, satellite broadband connections and long distance telephone (including network connection charges such as T-1 lines) expenses incurred in the conduct of the Sale and not reflected in 4.1(l);
- (f) credit card, Telecheck and bank card fees, chargebacks, discounts, bad debt expense, check guarantee fees and any other bank charges relating to store operations;
- (g) costs of all security services, including, without limitation, security systems, courier and guard service, building alarm service, alarm services maintenance and armored car expenses;
- (h) store cash theft and other store cash shortfalls in the registers;

- (i) a pro-rata portion of Merchant's property, casualty, general liability and/or other insurance premiums attributable to the Merchandise, which are not reflected in 4.1(l), and the incremental cost of Agent's insurance necessary to fulfill Agent's obligations as set forth in Section 12 herein;
- (j) costs of transfers of Merchandise initiated by Agent between the Closing Stores during the Sale Term, including freight and delivery costs;
- (k) Retention Bonuses as described in Section 10.4 below;
- (l) actual Occupancy Expenses for the Stores on a per location and per diem basis in an amount equal to the per Store per diem amount set forth on Exhibit 4.1 hereto;
- (m) Agent's actual cost of capital, reasonable attorney's fees, letter of credit fees, insurance costs and other transaction costs;
- (n) additional Supplies;
- (o) the actual costs and expenses of providing such additional services that Agent in its sole discretion deems appropriate, not to exceed \$100,000 unless agreed to by Merchant;
- (p) the actual cost of delivering Merchandise to customers minus any reimbursement from customers, which reimbursement shall not constitute Proceeds hereunder;
- (q) the actual cost of installing Merchandise for customers minus any reimbursement from customers, which reimbursement shall not constitute Proceeds hereunder;
- (r) Central Services Expenses of \$10,000 per week during the Sale Term;
- (s) postage, courier and overnight mail charges to and from or among the Closing Stores and central office to the extent relating to the Sale;

- (t) housekeeping, cleaning services and snow and trash removal; and
- (u) all fees and charges required to comply with Applicable Laws.

There will be no double payment of Expenses to the extent Expenses appear or are contained in more than one Expense category. Notwithstanding anything herein to the contrary, to the extent that an Expense listed in Section 4.1 is also included on Exhibit 4.1, then Exhibit 4.1 shall control and such Expense shall not be double counted.

As used herein, the following terms have the following respective meanings:

“Central Service Expenses” means costs and expenses for Merchant’s central administrative services necessary for the Sale, including, but not limited to, MIS services, payroll processing, cash reconciliation, inventory processing and handling, and data processing and reporting.

“Excluded Benefits” means, with respect to each Retained Employee, (i) the following benefits arising or accruing prior to the Sale Commencement Date: (v) vacation days or vacation pay, (w) sick days or sick leave or any other form of paid time off, (x) maternity leave or other leaves of absence, termination or severance pay, and (y) ERISA coverage and similar contributions and/or (ii) any benefits in excess of the Benefits Cap, including any payments due under the Worker Adjustment Retraining Notification Act (“WARN Act”).

“Occupancy Expenses” means actual base rent, percentage rent, HVAC, utilities, CAM, storage costs, real estate and use taxes, merchant’s association dues and expenses, personal property leases (including, without limitation, point of sale equipment), cash register maintenance, building maintenance, rental for furniture, fixtures and other equipment, and building insurance relating to the Closing Stores limited on a per diem, per Closing Store basis and limited to those amounts and categories as described on Exhibit 4.1 attached hereto.

“Expenses” shall not include: (i) Excluded Benefits; (ii) expenses associated with any of Merchant’s distribution centers; (iii) any Occupancy Expenses in excess of the amounts set forth on Exhibit 4.1; (iv) costs of transferring Merchandise from Merchant’s distribution centers to the Stores, and (v) any other costs, expenses, or liabilities arising during the Sale Term in connection with the Sale, other than the Expenses listed above, all of which shall be paid by Merchant promptly when due during the Sale Term.

4.2 Payment of Expenses. All Expenses incurred during each week of the Sale (i.e., Sunday through Saturday) shall be paid by Agent to or on behalf of Merchant immediately following the weekly Sale reconciliation by Merchant and Agent pursuant to Sections 3.3 and 3.5, based upon invoices and other documentation reasonably satisfactory to Agent.

4.3 The Agent shall be unconditionally responsible for the payment of all Expenses whether or not there are sufficient Proceeds collected to pay such Expenses after the payment of the Guaranteed Amount.

Section 5. Merchandise.

5.1 Merchandise Subject to this Agreement.

(a) For purposes of this Agreement, “Merchandise” shall mean: (i) all finished goods inventory that is owned by Merchant and located at the Closing Stores as of the Sale Commencement Date, including, Display Merchandise, and Defective Merchandise. For the avoidance of doubt, Merchandise shall include all Panasonic consignment goods on display in a Closing Store.

(b) Notwithstanding the foregoing, “Merchandise” shall not include: (1) goods which belong to sublessees, licensees or concessionaires of Merchant; (2) furnishings, trade fixtures, equipment and improvements to real property that are located in the Closing Store (collectively, “FF&E”); (3) Return to Vendor (RTV)/to be repaired merchandise; (4) merchandise subject to Manufacturer’s recall; (5) Bose branded merchandise; (6) Reserve & Lay Inventory; (7) Department #111 Direct TV Receivers; (8) closed-box Panasonic consignment goods; (9) Excluded Defective Merchandise, or (10) other goods held by Merchant on memo, on consignment (other than Panasonic consignment goods on display in a Closing Store), or as bailee ((1) through (10), collectively, “Excluded Goods”). As used in this Agreement the following terms have the respective meanings set forth below:

“Display Merchandise” means those items of inventory used in the ordinary course of business as displays or floor models, including inventory that has been removed from its original packaging for the purpose of putting such item on display, but not customarily sold or saleable by the Merchant.

“Excluded Defective Merchandise” means any non-saleable item of merchandise that is dented, worn, shopworn, scratched, broken, faded mismatched, damaged, defective, refurbished, incomplete, out of box, mismatched, scratched, discolored, returned, missing power cords or other included components, repaired or suffering from other damages or merchandise affected by other similar defects rendering it otherwise not suitable or salable for its intended purpose.

“Defective Merchandise” means any item of merchandise that is dented, worn, scratched, broken, faded, mismatched, or merchandise affected by other similar defects rendering it not first quality, but which is saleable by Agent during the Sale Term. Defective Merchandise does not include Display Merchandise.

5.2 Sale of Excluded Goods.

(a) Merchant shall retain all responsibility for Excluded Goods. If the Merchant elects at the beginning of the Sale Term, Agent shall accept all

or a portion of Excluded Goods, as directed by Merchant, for sale as "Merchant Consignment Goods" at prices established by the Agent, except in the case of prices for Reserve & Lay Inventory, which shall be established by Merchant. Agent shall retain 20% of the sale price for all sales of Merchant Consignment Goods, and the Merchant shall receive 80% of the receipts in respect of such sales; provided, however, that, notwithstanding anything to the contrary herein, Merchant shall receive 80% of the sale price for all sales of closed-box Panasonic consignment goods. Agent shall receive its share of the receipts of sales of Merchant Consignment Goods on a weekly basis, immediately following the weekly Sale reconciliation by Merchant and Agent pursuant to Section 3.5. Except as expressly provided in this Section 5.2, the Agent shall have no cost, expense or responsibility in connection with any goods not included in Merchandise.

(b) Notwithstanding anything to the contrary herein, Agent shall (i) process all Reserve Inventory without compensation and (ii) process all Layaway Inventory with Merchant retaining 90% of the proceeds from the sale of each item of Layaway Inventory and Agent retaining 10% of such proceeds. All returns or refunds associated with Reserve & Layaway Inventory shall be processed in accordance with sections 9.7 and 9.8, respectively. By no later than Tuesday, November 4, 2008, Merchant agrees to notify all Reserve & Layaway Inventory customers that they must take delivery of all Reserve & Layaway Inventory by no later than Saturday, November 22, 2008.

5.3 Valuation.

(a) For purposes of this Agreement, "Cost Value" shall mean, with respect to each item of Merchandise, the standard cost (determined by applicable merchant accounting unit for such item of Merchandise as reflected in Merchant's master cost file as of the Sale Commencement Date) (the "Cost File"). Cost is determined by the average cost method and includes the cost of freight from the vendor to the Merchant's distribution centers, or in the case of direct shipments, the cost of freight from the vendor to the Merchant's stores. In the case of import Merchandise, cost includes duties, brokerage fees, drayage, and other associated costs that result in a net landed cost. Also included in the cost of inventory are certain discounts and vendor allowances that are not a reimbursement of specific, incremental and identifiable costs to promote vendors' products. With respect to some, and in certain instances all, items of Merchandise, cost, as reflected in the Cost File, does not account for or include certain volume discounts, advertising co-op allowances, or other discounts, including, without limitation, cash discounts (each a "Discount"); provided, further, that the Cost Value associated with any such item of Merchandise shall not be adjusted on account of any Discount(s). The Cost Value represents the stock ledger cost, which includes a 5% load to protect inventory margin for internal reporting and is reversed on the general ledger.

(b) To the extent there is a difference between the Cost Value determined in accordance with section 5.3(a) and Merchant's "SKU Detail – Stores and Transfer Merch" as set forth on Exhibit 5.3(b) with respect to an item of Merchandise,

the Cost Value for such item of Merchandise shall be adjusted to the “average cost” as set forth on Exhibit 5.3(b).

(c) For purposes of this Agreement, Retail Price shall mean, with respect to each item of Merchandise, as of the Sale Commencement Date, the lower of (i) the lowest ticketed, shelf marked, or rebate price, and (ii) the lowest register or file price, except for minimum discretionary prices allowed to sales persons. The marked down Retail Price of open box or display Merchandise will not be applied as the lowest Retail Price for other items of the identical SKU. If Merchant and Agent agree that any item is clearly mismarked, then such mismarked price will not be utilized when determining Retail Price and the actual price will prevail. If the Retail Price of an item of Merchandise is less than the Cost Value of such item of Merchandise as determined under section 5.3(a) and (b), the Cost Value of all such items of Merchandise shall be such Retail Price.

(d) Other than Excluded Defective Merchandise, in lieu of any other adjustments to the Cost Value of Merchandise under this Agreement (*e.g.*, adjustments for Defective Merchandise, clearance merchandise, and/or sample merchandise), the aggregate Cost Value of the Merchandise shall be adjusted (*i.e.*, reduced) by means of a single global downward adjustment equal to one percent (1%) of the sum of the aggregate Cost Value of the Merchandise.

Section 6. Sale Term.

6.1 Term. The Sale shall commence at the Closing Stores on November 5, 2008 (the “Sale Commencement Date”). Agent shall complete the Sale at the Closing Stores, and shall vacate all of the Closing Store premises on or before December 31, 2008 (the “Sale Termination Date”) unless the Sale and the Sale Termination Date are extended by mutual agreement of Agent and Merchant following a commensurate extension of the expiry date of the Agent Letter of Credit, provided that Agent may terminate the Sale at any Closing Store location upon ten (10) days’ written notice to Merchant. The period for the Sale Commencement Date to the Sale Termination Date shall be referred to herein as the “Sale Term.”

6.2 Vacating the Closing Stores. On the Sale Termination Date, Agent shall leave the Closing Stores in “broom clean” condition (ordinary wear and tear excepted). Agent shall vacate the Closing Stores on or before the Sale Termination Date, as provided for herein, at which time Agent shall surrender and deliver the Closing Store premises and Closing Store keys to Merchant. Agent’s obligations to pay all Expenses, including Occupancy Expenses, for each Closing Store shall continue until the later of (a) the Sale Termination Date for each such Closing Store, or (b) the 7th day of the calendar month in which the Sale Termination Date for each such Closing Store occurs. All assets of Merchant used by Agent in the conduct of the Sale (*e.g.* FF&E, supplies, etc.) shall be returned by Agent to Merchant or left at the Closing Stores premises at the end of the Sale Term to the extent the same have not been used in the conduct of the Sale or have not been otherwise disposed of through no fault of Agent; provided, however, Agent shall remove all unsold Merchandise at the end of the Sale Term at each of the Closing Stores.

Agent shall be responsible for all Occupancy Expenses (irrespective of any per diem cap on Occupancy Expenses) for a Closing Store for which Merchant is or becomes obligated resulting from Agent's failure to vacate such Closing Store in a timely manner.

Section 7. Sale Proceeds.

7.1 Proceeds. For purposes of this Agreement, "Proceeds" shall mean the aggregate of: (a) the total amount (in U.S. dollars) of all sales of Merchandise made under this Agreement, exclusive of Sales Taxes, and (b) any proceeds of Merchant's insurance for loss or damage to Merchandise or loss of cash arising from events occurring during the Sale Term.

7.2 Deposit of Proceeds. During the Sale Term, all Proceeds of the Sale (including credit card Proceeds), shall be deposited on a daily basis into Merchant's existing accounts designated for the designated Closing Stores, but also are segregated and designated solely for the deposit of Proceeds of the Sale (including credit card Proceeds), and the disbursement of amounts payable by Agent hereunder (the "Designated Merchant Accounts").

7.3 Credit Card Proceeds. Agent shall have the right (but not the obligation) to use Merchant's credit card facilities (including Merchant's credit card terminals and processor(s), credit card processor coding, Merchant identification number(s) and existing bank accounts) for credit card Proceeds. Merchant shall process credit card transactions on behalf of Agent, applying customary practices and procedures. Without limiting the foregoing, Merchant shall cooperate with Agent to down-load data from all credit card terminals each day during the Sale Term and to effect settlement with Merchant's credit card processor(s), and shall take such other actions necessary to process credit card transactions on behalf of Agent under Merchant's Merchant identification number(s). All credit card Proceeds will constitute the property of Agent and shall be deposited into the Designated Merchant Accounts. Merchant shall not be responsible for and Agent shall pay as an Expense hereunder, all credit card fees, charges, and chargebacks related to the Sale, whether received during or after the Sale Term.

7.4 Petty Cash. In addition to the Guaranteed Amount, Agent shall purchase all cash in the Stores on and as of the start of business on the Sale Commencement Date and shall reimburse Merchant on a dollar for dollar basis therefor.

Section 8. Sale of Warranties and Installation Services

8.1 Subject to Merchant's approval, Agent shall be provided the right to sell warranties during the Sale at full retail price. The sale of warranties shall not be included in the calculation of Proceeds; however, profits from the sale of warranties shall be shared. Merchant shall retain or Agent shall remit (if deposited in Agent account) sufficient payment to cover cost of service and related commissions after which payment will be shared 90% to Merchant and 10% to Agent.

8.2 In all Closing Stores, Agent shall have the right to sell (i) home theater installation services, and (ii) car mobile entertainment installation services during the Sale Term ((i)-(ii) collectively, the "Permitted Installation Services"). The sale of all Permitted Installation Services shall be at full Retail Price. The sale of Permitted Installation Services shall not be included in the calculation of Proceeds, however, profits from the sale of Permitted Installation Services shall be shared. All Permitted Installation Services sales shall be discontinued no later than ten (10) days prior to the closing date for such Closing Store and all work required to complete the Permitted Installation Services shall be completed no later than five (5) days prior to the closing date for such Closing Store. Merchant shall retain or Agent shall wire to Merchant (if deposited in Agency Accounts) sufficient funds to cover the cost of the Permitted Installation Services, after which all remaining funds generated from the Permitted Installation Services shall be shared 90% to Merchant and 10% to Agent.

Section 9. Conduct of the Sale.

9.1 Rights of Agent. Agent shall be permitted and hereby is authorized to conduct, advertise, post signs and otherwise promote the Sale consistent with the sale guidelines attached hereto as Exhibit 2 (the "Sale Guidelines"). In addition to any other rights granted to Agent hereunder, in conducting the Sale, Agent, in the exercise of its sole discretion, shall have the right, limited only by the Sale Guidelines:

(a) subject to section 9.10, conduct, to advertise, post signs, and otherwise promote, including the use of banners, signwalkers, and a-frame signs, the Sale as a "store closing", "sale on everything", "everything must go", or similar themed sale, all in accordance with the Sale Guidelines and provided that such advertising methods are not prohibited by Applicable Law;

(b) to establish and implement advertising and promotion programs consistent with the Sale themes set forth above; provided, that Merchant shall have the right to approve all such advertising and promotion in advance, which approval shall not be unreasonably withheld or delayed;

(c) to establish Closing Store hours which are consistent with the terms of applicable leases;

(d) to use without charge during the Sale Term all FF&E, advertising materials, computer hardware and software, existing supplies located at the Closing Stores, intangible assets (including Merchant's name, logo and tax identification numbers), Closing Store keys, case keys, security codes, and safe and lock combinations required to gain access to and operate the Closing Stores, and any other assets of Merchant located at the Closing Stores (whether owned, leased, or licensed);

(e) to use, subject to Section 4.1(r), Merchant's central office facilities, central administrative services and personnel to process payroll, perform MIS and provide other central office services necessary for the Sale; provided, however, that in the event that Agent expressly requests Merchant to provide services other than those

normally provided to the Closing Stores and relating to the sale of merchandise by Merchant, Agent shall be responsible for the actual incremental cost of such services as an Expense of the Sale; and

(f) to transfer Merchandise between and among the Closing Stores, the costs of which shall be paid by Agent as an Expense of the Sale.

9.2 Rights of Merchant. In addition to any other rights granted to or retained by Merchant under this Agreement, Merchant reserves and shall have the right to place signage at all Closing Stores on the day of the official store closing announcement and such signage shall remain in place through the Sale Commencement Date in size(s) and placement(s) mutually agreed to by Agent and Merchant, which agreement shall not be unreasonably withheld by either party. The signage may, among things, notify customers of the change in operation status at the Closing Stores, advise customers that a store closing sale will be conducted at the Closing Stores, and identify other Merchant store locations that will not be closing.

9.3 Terms of Sales to Customers.

(a) **Final/As is Sales.** All sales of Merchandise will be “final sales” and “as is”, and all advertisements and sales receipts will reflect the same. Agent shall clearly mark all receipts for Merchandise sold at the Closing Stores in market locations in which there are ongoing stores so as to distinguish such Merchandise from the Merchandise sold at Merchant’s ongoing retail store locations. Agent shall not warrant the Merchandise in any manner, but will, to the extent legally permissible, pass on all manufacturers’ warranties and, to the extent purchased, all warranties to customers. All sales will be made only for cash and nationally recognized bank credit cards.

(b) **Gift Certificates and Rebates.** As directed by Merchant, Agent will accept Merchant’s gift certificates and rebates issued by Merchant prior to the Sale Commencement Date, and honor other customer programs, including but not limited to all Customer Satisfaction Programs for items purchased prior to the commencement of the Sale (including, but not limited to, acceptance of gift certificates, rebates, honoring of customer deposits and warranties, and granting of refunds for items purchased prior to the commencement of the Sale), to the extent that such programs were in effect at the time the items were purchased by such customers, provided that Agent shall be reimbursed by Merchant in connection with the Weekly Sale Reconciliation contemplated under Section 3.5 hereof on a dollar for dollar basis for any such programs honored by Agent. Notwithstanding anything herein to the contrary, Agent shall not be permitted to sell any Merchant or third party gift cards.

(c) **Future Delivery Program.** Agent will honor (i) special order and other inventory items for which the customer remitted payment in full to Merchant prior to the Sale Commencement Date, but for which the customer has not taken delivery or possession of such item ("Reserve Inventory") and (ii) inventory items for which the customer has not remitted payment in full to Merchant prior to the Sale Commencement Date and, as a result, has not taken delivery or possession of such item

("Layaway Inventory", and together with Reserve Inventory, "Reserve & Lay Inventory").

9.4 Sales Taxes. During the Sale Term, all sales, excise, gross receipts and other taxes attributable to sales of Merchandise as indicated on Merchant's point of sale equipment (other than taxes on income) payable to any taxing authority having jurisdiction (collectively, "Sales Taxes") shall be added to the sales price of Merchandise and collected by Agent, on Merchant's behalf, and deposited into Merchant's existing accounts, trust accounts or other accounts, as designated by Merchant; provided, further, that to the extent the Merchandise is sold on a tax-exempt basis, *e.g.*, sold on a wholesale basis, Agent shall complete all applicable forms, including, without limitation, resale certificates, and provide all completed forms to Merchant in connection with the Final Reconciliation. Provided that Agent has collected all Sales Taxes during the Sale and remitted the proceeds thereof to Merchant, Merchant shall promptly pay all Sales Taxes and file all applicable reports and documents required by the applicable taxing authorities. Merchant will be given access to the computation of gross receipts for verification of all such Sales Tax collections. If Agent fails to perform its responsibilities in accordance with this Section 9.4, and provided Merchant complies with its obligations in accordance with this Section 9.4, Agent shall indemnify and hold harmless Merchant from and against any and all costs including, but not limited to, reasonable attorneys' fees, assessments, fines or penalties which Merchant sustains or incurs as a result or consequence of the failure by Agent to collect Sales Taxes and/or, to the extent Agent is required hereunder to prepare reports and other documents, the failure by Agent to promptly deliver any and all reports and other documents required to enable Merchant to file any requisite returns with such taxing authorities.

9.5 Tax Consequences. Without limiting the generality of Section 9.4 hereof, it is hereby understood and agreed for all tax purposes that because Agent is conducting the Sale solely as agent for the Merchant, all payments contemplated by and among the parties to this Agreement (including the payment by the Agent of the Guaranteed Amount) do not represent the sale of tangible personal property and, accordingly, are not subject to the Sales Taxes.

9.6 Supplies. Agent shall have the right to use all existing supplies (*e.g.* boxes, bags, twine) located at the Closing Stores at no charge to Agent. In the event that additional supplies are required in any of the Closing Stores during the Sale, Merchant agrees to promptly provide the same to Agent. Supplies have not been since October 15, 2008 and shall not be prior to the Sale Commencement Date, transferred by Merchant to or from the Closing Stores so as to alter the mix or quantity of supplies at the Closing Stores from that existing on such date, other than in the ordinary course of business.

9.7 Returns of Merchandise. Unless otherwise instructed by Merchant, Agent is directed to accept all returns at all Closing Stores in accordance with Merchant's return policies in effect on the Sale Commencement Date. Any returned merchandise that is saleable as first-quality merchandise shall be included in

Merchandise and returned to the sales floor. For purposes of the calculation of the Guaranteed Amount the Merchandise shall be valued at the Cost Value applicable to such item. The aggregate Cost Value of the Merchandise shall be increased by the Cost Value multiplied by the inverse of the prevailing discount for that particular category at the time of the return of any returned Merchandise included in Merchandise, and the Guaranteed Amount shall be adjusted accordingly. Any increases in payment on account of the Guaranteed Amount as a result of returned Merchandise shall be paid by Agent pursuant to Section 3.3 hereof. Notwithstanding anything to the contrary in applicable return policies, Agent shall not accept returns of merchandise where the customer contemplates repurchasing the same item so as to take advantage of the sale price being offered by Agent.

9.8 Refunds. If required by Merchant's return policies in effect on the Sale Commencement Date, Agent shall reimburse customers for returned merchandise in the same tender as such item was purchased (the "Refund"). Merchant shall promptly reimburse Agent in cash for any Refunds Agent is required to issue to customers in respect of any returned Merchandise as part of the Weekly Sale Reconciliation. Any returned merchandise not included in Merchandise shall be disposed of by Agent in accordance with instructions received from Merchant or, in the absence of such instructions, returned to Merchant at the end of the Sale Term. Merchant and Agent shall jointly track returns of merchandise for purposes of determining any increase or decrease to the Guaranteed Amount, or any amounts owed by Merchant to Agent as a result of Agent accepting such returns or issuing Refunds.

9.9 Force Majeure. If any casualty or act of God or act of terrorism prevents or substantially inhibits the conduct of business in the ordinary course at any Closing Store, then such Closing Store and the remaining Merchandise located at such Closing Store shall be eliminated from the Sale and considered to be deleted from this Agreement as of the date of such event, and Agent and Merchant shall have no further rights or obligations hereunder with respect thereto; provided, however, that (i) the proceeds of any insurance attributable to such Merchandise or business interruption shall constitute Proceeds hereunder, and (ii) the Guaranteed Amount shall be reduced to account for any Merchandise eliminated from the Sale that is not the subject of insurance proceeds.

9.10 Limitations on Advertising and Conduct of Sale. Notwithstanding anything in this Agreement or in the Sale Guidelines to the contrary, the Agent shall not be permitted and expressly agrees not to conduct, advertise, post signs or otherwise promote the Sale as a "going-out-of-business sale".

9.11 Customer Transition to Ongoing Stores. During the Sale, Agent shall develop and recommend to Merchant the use of transitional marketing materials in the Closing Stores to direct customers to Merchant's ongoing stores, which transitional marketing materials will include, at Merchant's option, signage in the Stores, flyers and pamphlets distributed to customers at time of sale, and include transition language on sales receipts.

9.12 Compliance with Applicable Law. Agent shall comply with all federal, state and local laws, rules, regulations and ordinances ("Applicable Law") applicable to them in connection with the transactions contemplated by this Agreement, and shall obtain all necessary consents and permits, required by law, necessary to fulfill obligations hereunder so as not to violate any law. For the avoidance of doubt and without limiting the generality of the foregoing, Applicable Law includes, without limitation, all public health and safety laws, rules, regulations and ordinances, tax, labor, employment, environmental, and consumer protection laws, rules, regulations and ordinances, including consumer laws, rules, regulations and ordinances governing deceptive practices and false advertising, and "going out of business," "store closing," similar inventory liquidation sales, or bulk sales laws, rules, regulations and ordinances.

Section 10. Employee Matters.

10.1 Merchant's Employees. Agent may use Merchant's employees in the conduct of the Sale to the extent Agent in its sole discretion deems expedient, and Agent may select and schedule the number and type of Merchant's employees required for the Sale. Agent shall identify any such employees (including, without limitation, Merchant's District Managers in Closing Markets used by Agent in connection with the Sale) to be used in connection with the Sale (each such employee, a "Retained Employee") prior to the Sale Commencement Date. Retained Employees shall at all times remain employees of Merchant, and shall not be considered or deemed to be employees of Agent. Merchant and Agent agree that nothing contained in this Agreement and none of Agent's actions taken in respect of the Sale shall be deemed to constitute an assumption by Agent of any of Merchant's obligations relating to any of Merchant's employees including, without limitation, payroll, benefits, Worker Adjustment Retraining Notification Act ("WARN Act") claims and other termination type claims and obligations, or any other amounts required to be paid by statute or law; nor shall Agent become liable under any collective bargaining or employment agreement or be deemed a joint or successor employer with respect to such employees; provided, however, that nothing herein shall affect Agent's obligations to pay the Expenses of the Sale. Merchant shall not, without Agent's prior written consent, raise the salary or wages or increase the benefits for, or pay any bonuses or make any other extraordinary payments to, any of its employees in anticipation of the Sale or prior to the Sale Termination Date. Merchant has not terminated and shall not during the Sale Term terminate any employee benefits or benefit programs.

10.2 Termination of Employees. Agent may in its discretion stop using any Retained Employee at any time during the Sale. In the event that Agent determines to stop using any Retained Employee, Agent will notify Merchant at least ten (10) days prior thereto, except for termination "for cause" (such as dishonesty, fraud or breach of employee duties), in which event no prior notice to Merchant shall be required, provided Agent shall notify Merchant as soon as practicable after such event. From and after October 31, 2008, and until the Sale Termination Date, Merchant shall not transfer or dismiss employees of the Closing Stores except "for cause" without Agent's prior consent.

10.3 Payroll Matters. During the Sale Term, Merchant shall process and pay the base payroll and all related payroll taxes, worker's compensation and benefits for all Retained Employees, and any additional hires, in accordance with its usual and customary procedures. Agent's own employees, independent contractors and temporary employees retained by Agent through third party agencies will not be deemed Retained Employees at any time during the Sale. Notwithstanding anything in this Agreement to the contrary, to the extent the Proceeds are insufficient, Agent shall fund, in advance, all payroll and related expenses for Retained Employees at least two (2) business days prior to the date that such payments are due by the Merchant.

10.4 Employee Retention Bonuses. Agent shall have the right to elect to pay, as an Expense, retention bonuses (each a "Retention Bonus") (which bonuses shall be inclusive of payroll taxes but as to which no benefits shall be payable), up to a maximum of 10% of base payroll, to certain Retained Employees who do not voluntarily leave employment and are not terminated "for cause". Subject only to limitation of 10% of base payroll, the actual amount to be paid to each such Retained Employee shall be in an amount to be determined by Agent, and shall be payable within thirty (30) days after the Sale Termination Date, and shall be processed through Merchant's payroll system. Agent shall provide Merchant with a copy of Agent's Retention Bonus plan within two (2) business days after the Sale Commencement Date.

Section 11. Conditions Precedent. The willingness of Agent and Merchant to enter into the transactions contemplated under this Agreement are directly conditioned upon the satisfaction of the following conditions at the time or during the time periods indicated, unless specifically waived in writing by the applicable party:

(a) All representations and warranties of Merchant and Agent hereunder shall be true and correct in all material respects and no Event of Default (as defined herein) shall have occurred at and as of the date hereof and as of the Sale Commencement Date.

(b) Merchant shall have provided Agent reasonable access to all pricing and cost files, and all other documents relative to the price, mix and quantities of inventory located at the Closing Stores.

(c) Agent shall have obtained, in the name of and with the reasonable assistance of Merchant, all permits and licenses necessary to conduct the Sale.

(d) Merchant shall have obtained any necessary consent to the Sale from its secured lenders, and provided Agent with the security described in Section 17 hereof.

Section 12. Representations and Warranties.

12.1 Merchant's Representations, Warranties Covenant, and Agreements. Merchant hereby represents, warrants, covenants, and agrees in favor of Agent as follows:

(a) Merchant: (i) is a entity duly organized, validly existing and in good standing under the laws of the state of its organization stated above; (ii) has all requisite power and authority to own, lease and operate its assets and properties and to carry on its business as presently conducted; and (iii) is and during the Sale Term will continue to be duly authorized to do business and in good standing in each jurisdiction where the nature of its business or properties requires such qualification, including the jurisdiction in which the Closing Stores are located.

(b) Merchant has the right, power and authority to execute and deliver this Agreement and each other document and agreement contemplated hereby (collectively, together with this Agreement, the "Agency Documents") and to perform fully its obligations thereunder. Merchant has taken all necessary actions required to authorize the execution, delivery and performance of the Agency Documents, and no further consent or approval is required for Merchant to enter into and deliver the Agency Documents, to perform its obligations thereunder, and to consummate the Sale. Each of the Agency Documents has been duly executed and delivered by Merchant and constitutes the legal, valid and binding obligation of Merchant enforceable in accordance with its terms. No court order or decree of any federal, state or local governmental authority or regulatory body is in effect that would prevent or impair, or is required for Merchant's consummation of, the transactions contemplated by this Agreement, and no consent of any third party which has not been obtained is required therefor. No contract or other agreement to which Merchant is a party or by which Merchant is otherwise bound will prevent or impair the Agent conducting the Sale or any other transactions contemplated by this Agreement, except to the extent the Agent conducts the Sale contrary to the provisions of any governing Closing Store lease.

(c) Merchant owns and will own at all times during the Sale Term, good and marketable title to all of the Merchandise (other than consigned Merchandise).

(d) Merchant has and will maintain its pricing files in the ordinary course of business, and prices charged to the public for goods (whether in-Closing Store, by advertisement or otherwise) are the same in all material respects as set forth in such pricing files for the periods indicated therein. All pricing files and records requested by Agent relative to the Merchandise have been and will continue to be made available to Agent. All pricing files and records are and shall continue to be true and accurate in all material respects as to the actual Cost Value of the Merchandise. Merchant's price files reflect hard markdowns taken by Merchant on items of Merchandise but do not reflect point-of-sale or other temporary promotional activity.

(e) Merchant shall ticket or mark all items of inventory received at the Closing Stores prior to and after the Sale Commencement Date in a manner consistent with similar inventory located at the Closing Stores and in accordance with Merchant's historic practices and policies relative to pricing and marking inventory. Merchant has taken hard markdowns consistent with the margins represented in the due diligence materials provided by Merchant to Agent.

(f) Merchant covenants to continue to operate the Closing Stores in the ordinary course of business from the October 31, 2008, to the Sale Commencement Date, in that (i) Merchant shall continue selling inventory during such period at customary prices, (ii) Merchant shall not promote or advertise any sales or in-store promotions (including POS promotions) to the public except for Merchant's historic and customary promotions for all of its locations, (iii) Merchant shall not return inventory to vendors and, shall not transfer Merchandise or Supplies between or among Closing Stores, except for receipt of goods in the ordinary course of business from Merchant's vendor's; (iv) Merchant shall not make any management personnel moves or changes at the Closing Stores without Agent's prior consent (which consent will not be unreasonably withheld), (v) Merchant shall continue to handle Return to Vendor, to be repaired and damaged merchandise in the ordinary course, and (vi) Merchant will continue to replenish inventory in the ordinary course of Merchant's business through the Sale Commencement Date. Except as previously disclosed to Agent or provided for herein, Merchant has not and shall not purchase or transfer to or from the Closing Stores any inventory outside the ordinary course in anticipation of the Sale.

(g) No action, arbitration, suit, notice, or legal, administrative or other proceeding before any court or governmental body has been instituted by or against Merchant, or has been settled or resolved, or to Merchant's knowledge, is threatened against or affects Merchant, relative to Merchant's business or properties and that questions the validity of this Agreement or that, if adversely determined, would adversely affect the conduct of the Sale.

(h) To the best of Merchant's knowledge, all Merchandise is in compliance with all applicable federal, state, or local product safety laws, rules and standards. Merchant shall provide Agent with its historic policies and practices regarding product recalls prior to the Sale Commencement Date.

(i) No event of default or event which with the giving of notice, the passage of time, or both has occurred on the part of Merchant under any Closing Store lease, reciprocal easement agreement or similar agreement relating to the occupancy of the Closing Stores. Throughout the Sale Term, Agent shall have the right to the uninterrupted use and occupancy of, and peaceful and quiet possession of the Closing Stores, the assets currently located at the Closing Stores, and the services provided at the Closing Stores. Merchant shall throughout the Sale Term maintain in good working order, condition and repair, at its sole expense (except to the extent such amounts are included in Occupancy Expenses), all cash registers, heating systems, air conditioning systems, elevators, escalators, Closing Store alarm systems, and all other mechanical devices used in the ordinary course of operation of the Closing Stores.

(j) Merchant has paid and will continue to pay throughout the Sale Term, (i) all self-insured or Merchant funded employee benefit programs for employees, including health and medical benefits and insurance and all proper claims made or to be made in accordance with such programs, (ii) all casualty, liability,

workers' compensation and other insurance premiums, (iii) all utilities provided to the Closing Stores, and (iv) all applicable taxes.

(k) Merchant has not and shall not throughout the Sale Term take any actions the result of which is to increase the cost of operating the Sale, including, without limitation, increasing salaries or other amounts payable to employees.

(l) Except as provided herein and may subsequently be agreed to by the parties or as may be approved by a court presiding over a chapter 11 proceeding, if any, during the Sale Term, Merchant shall not promote sales at any of its stores included in the same market as any Closing Store outside the ordinary course of business.

(m) As of the Sale Commencement Date, the Cost Value as a percentage of Retail Price (the "Cost Factor") with respect to the Merchandise shall not be greater than sixty-eight and seven-tenths percent (68.7%) for such Merchandise (the "Cost Factor Threshold"). To the extent that the Cost Factor Threshold exceeds the Cost Factor, the Guaranty Percentage shall be adjusted as set forth on Exhibit 12.1(m) or another remedy mutually agreed upon by Merchant and Agent.

(n) As of the Sale Commencement Date, the assortment and mix of the Merchandise, by category, shall not be materially different than as set forth on Exhibit 12.1(n), and the aggregate Cost Value of the Merchandise consisting of music/video shall not be in excess of 20% of the aggregate Cost Value of the Merchandise. To the extent that the aggregate Cost Value of the Merchandise consisting of music/video is in excess of 20% of the aggregate Cost Value of the Merchandise, the Guaranty Percentage shall be adjusted as set forth on Exhibit 12.1(n) or another remedy mutually agreed upon by Merchant and Agent.

12.2 Agent's Representations and Warranties. Agent hereby represents, warrants and covenants in favor of Merchant as follows:

(a) Each member of Agent: (i) is validly existing and in good standing under the laws of the state of its organization; (ii) has all requisite power and authority to consummate the transactions contemplated hereby; and (iii) is and during the Sale Term will continue to be, duly authorized and qualified to do business and in good standing in each jurisdiction where the nature of its business or properties requires such qualification.

(b) Agent has the right, power and authority to execute and deliver each of the Agency Documents to which it is a party and to perform fully its obligations thereunder. Agent has taken all necessary actions required to authorize the execution, delivery, and performance of the Agency Documents, and no further consent or approval is required on the part of Agent for Agent to enter into and deliver the Agency Documents and to perform its obligations thereunder. Each of the Agency Documents has been duly executed and delivered by Agent and constitutes the legal, valid and binding obligation of Agent enforceable in accordance with its terms. No court

order or decree of any federal, state or local governmental authority or regulatory body is in effect that would prevent or impair or is required for Agent's consummation of the transactions contemplated by this Agreement, and no consent of any third party which has not been obtained is required therefor. No contract or other agreement to which Agent is a party or by which Agent is otherwise bound will prevent or impair the consummation of the transactions contemplated by this Agreement.

(c) No action, arbitration, suit, notice, or legal administrative or other proceeding before any court or governmental body has been instituted by or against Agent, or has been settled or resolved, or to Agent's knowledge, has been threatened against or affects Agent, which questions the validity of this Agreement or any action taken or to be taken by Agent in connection with this Agreement, or which if adversely determined, would have a material adverse effect upon Agent's ability to perform its obligations under this Agreement.

Section 13. Insurance.

13.1 Merchant's Liability Insurance. Merchant shall continue at its cost and expense (subject to payment of the Expenses by Agent) until the Sale Termination Date, in such amounts as it currently has in effect, all of its liability insurance policies including, but not limited to, products liability, comprehensive public liability, auto liability and umbrella liability insurance, covering injuries to persons and property in, or in connection with Merchant's operation of the Closing Stores, and shall cause Agent to be named an additional named insured with respect to all such policies. Prior to the Sale Commencement Date, Merchant shall deliver to Agent certificates evidencing such insurance setting forth the duration thereof and naming Agent as an additional named insured, in form reasonably satisfactory to Agent. All such policies shall require at least thirty (30) days' prior notice to Agent of cancellation, non-renewal or material change. In the event of a claim under any such policies, Merchant shall be responsible for the payment of all deductibles, retention's or self-insured amounts thereunder, unless it is determined that liability arose by reason of the wrongful acts or omissions or negligence of Agent, or Agent's employees, independent contractors or agents (other than Merchant's employees).

13.2 Merchant's Casualty Insurance. Merchant will provide throughout the Sale Term at its expense (subject to payment of the Expenses by Agent) fire, flood, theft and extended coverage casualty insurance consistent with Merchant's customary practices prior to the Sale Commencement Date. In the event of a loss to the Merchandise on or after the Sale Commencement Date, the proceeds of such insurance attributable to the Merchandise plus any self insurance amounts and the amount of any deductible (which amounts shall be paid by Merchant), shall constitute Proceeds hereunder and shall be paid to Agent. Prior to the Sale Commencement Date, Merchant shall deliver to Agent certificates evidencing such insurance setting forth the duration thereof, in form and substance reasonably satisfactory to Agent. All such policies shall require at least thirty (30) days prior notice to Agent of cancellation, non-renewal or material change. Merchant shall not make any change in the amount of any deductibles

or self-insurance amounts prior to the Sale Termination Date without Agent's prior written consent.

13.3 Worker's Compensation Insurance. Merchant shall at all times during the Sale Term, at its cost (but subject to payment of the Expenses by Agent), maintain in full force and effect worker's compensation insurance (including employer liability insurance) covering all Retained Employees in compliance with all statutory requirements. Prior to the Sale Commencement Date, Merchant shall deliver to Agent a certificate of its insurance broker or carrier evidencing such insurance.

13.4 Agent's Insurance. Agent shall maintain, in such amounts as it currently has in effect, comprehensive public liability and automobile liability insurance policies covering injuries to persons and property in or in connection with Agent's agency at the Closing Stores, and shall cause Merchant to be named an additional insured with respect to such policies. Prior to the Sale Commencement Date, Agent shall deliver to Merchant certificates evidencing such insurance policies, setting forth the duration thereof and naming Merchant as an additional insured, in form and substance reasonable satisfactory to Merchant. In the event of a claim under such policies, Agent shall be responsible for the payment of all deductibles, retentions or self-insured amounts thereunder, to the extent said claim arises from or relates to the alleged acts or omissions of Agent or Agent's employees, agents or independent contractors).

13.5 Risk of Loss. Without limiting any other provision of this Agreement, Merchant acknowledges that Agent is conducting the Sale on behalf of Merchant solely in the capacity of an agent, and that in such capacity (i) Agent shall not be deemed to be in possession or control of the Closing Stores or the assets located therein or associated therewith, or of Merchant's employees located at the Closing Stores, and (ii) except as expressly provided in this Agreement, Agent does not assume any of Merchant's obligations or liabilities with respect to any of the foregoing. Merchant and Agent agree that Merchant shall bear all responsibility for liability claims of customers, employees and other persons arising from events occurring at the Closing Stores during and after the Sale Term, except to the extent any such claim arises directly from the acts or omissions of Agent, or its supervisors or employees located at the Closing Stores (an "Agent Claim"). In the event of any such liability claim other than an Agent Claim, Merchant shall administer such claim and shall present such claim to Merchant's liability insurance carrier in accordance with Merchant's historic policies and procedures, and shall provide a copy of the initial documentation relating to such claim to Agent. To the extent that Merchant and Agent agree that a claim constitutes an Agent Claim, Agent shall administer such claim and shall present such claim to its liability insurance carrier, and shall provide a copy of the initial documentation relating to such claim to Merchant. In the event that Merchant and Agent cannot agree whether a claim constitutes an Agent Claim, each party shall present the claim to its own liability insurance carrier, and a copy of the initial claim documentation shall be delivered to the other party.

Section 14. Indemnification.

14.1 **Merchant Indemnification.** Merchant shall indemnify and hold Agent and its officers, directors, employees, agents and independent contractors (collectively, “Agent Indemnified Parties”) harmless from and against all claims, demands, penalties, losses, liability or damage, including, without limitation, reasonable attorneys’ fees and expenses, directly or indirectly asserted against, resulting from, or related to:

- (a) Merchant’s material breach of or failure to comply with any of its agreements, covenants, representations or warranties contained in any Agency Document;
- (b) any failure of Merchant to pay to its employees any wages, salaries or benefits due to such employees during the Sale Term;
- (c) subject to Agent’s compliance with its obligations under Section 9.4 hereof, any failure by Merchant to pay any Sales Taxes to the proper taxing authorities or to properly file with any taxing authorities any reports or documents required by applicable law to be filed in respect thereof;
- (d) any consumer warranty or products liability claims relating to Merchandise;
- (e) any liability or other claims asserted by customers, any of Merchant’s employees, or any other person against any Agent Indemnified Party (including, without limitation, claims by employees arising under collective bargaining agreements, worker’s compensation or under the WARN Act), except for Agent Claims; and
- (f) the negligence or willful misconduct of Merchant or any of its officers, directors, employees, agents or representatives.

14.2 **Agent Indemnification.** Agent shall indemnify and hold Merchant and its officers, directors, employees, agents and representatives harmless from and against all claims, demands, penalties, losses, liability or damage, including, without limitation, reasonable attorneys’ fees and expenses, directly or indirectly asserted against, resulting from, or related to:

- (a) Agent’s material breach of or failure to comply with any of its agreements, covenants, representations or warranties contained in any Agency Document;
- (b) any harassment or any other unlawful, tortious or otherwise actionable treatment of any employees or agents of Merchant by Agent or any of its representatives;
- (c) any claims by any party engaged by Agent as an employee or independent contractor arising out of such employment;

(d) any Agent Claims;

(e) any breach of or default under any and all applicable Closing Store leases arising or resulting from or related Agent's conduct of the Sale which is not in accordance with this Agreement or the Sale Guidelines at any and all Closing Stores; and

(f) the negligence or willful misconduct of Agent or any of its officer, directors, employees, agents or representatives.

Section 15. Defaults. The following shall constitute "Events of Default" hereunder:

(a) Merchant's or Agent's failure to perform any of their respective material obligations hereunder, which failure shall continue uncured seven (7) days after receipt of written notice thereof to the defaulting party; or

(b) Any representation or warranty made by Merchant or Agent proves untrue in any material respect as of the date made and throughout the Sale Term; or

(c) The Sale is terminated or materially interrupted or impaired at the Closing Stores for any reason other than (i) an Event of Default by Agent, or (ii) any other material breach or action by Agent not authorized hereunder.

In the event of an Event of Default, the non-defaulting party may, in its discretion, elect to terminate this Agreement upon seven (7) business days' written notice to the other party.

Section 16. Fixtures. If a request to sell all or a portion of the Excluded Merchandise is not made in accordance with section 5.2, upon request of Merchant at any time prior to the Sale Termination Date, Agent shall use its best efforts to sell Merchant's owned FF&E. Agent shall be entitled to twenty percent (20%) of the net proceeds from the sale of the FF&E; provided however, Merchant may elect to receive, in lieu of net proceeds and Agent's commission, a lump sum payment, on a per Store basis, in an amount to be determined between Merchant and Agent. Agent shall have the right to abandon any unsold FF&E upon termination of the Sale.

Section 17. Security Interest.

17.1 In consideration of Agent's services and agreements hereunder (including, without limitation, Agent's agreement to advance certain Expenses), to secure all of Merchant's obligations to Agent hereunder, Merchant hereby grants to Agent a valid and perfected security interest in and lien upon all of Merchant's now owned or hereafter acquired (i)(a) Inventory (as defined in the Commercial Code of Virginia) located in the continental United States and (b) all FF&E, and (ii) all Proceeds (as defined in the Commercial Code of Virginia) of the foregoing property, including,

without limitation, proceeds of all insurance policies insuring the foregoing property. Merchant shall execute all documents and take all other actions as are reasonably required to perfect and maintain such security interest and lien. The security interest and lien granted herein shall be junior in priority only to (x) the Lender Agent's security interests and liens and (y) any security interests and liens hereafter granted by Merchant in connection with any other financing facility in an amount not to exceed the lesser of (i) the amount granted under such financing facility and (ii) \$75 million; provided, further, that, in connection with any such financing facility, Agent hereby agrees to execute all documents and take all other actions as reasonably required to memorialize the subordination agreement set forth in this section 17.1. To the extent that an Event of Default occurs and is not cured, Agent's damages shall accrue interest at the rate of 1.25% per month from and after the date that the Event of Default occurred

17.2 Upon the earlier of (i) entry of a final, non-appealable order of a U.S. bankruptcy court in a chapter 11 proceeding of the Merchant, if any, approving assumption of this Agreement and payment of any monetary cure amounts due and payable hereunder in cash or other immediately available funds, and (ii) two (2) days following payment by Merchant of all amounts due to Agent hereunder in cash or other immediately available funds, Agent agrees it shall release all security interests and liens granted under this Agreement. Agent shall execute all documents and take all other actions as are reasonably required to release such security interests and liens.

17.3 Merchant agrees that, in the event a chapter 11 proceeding is filed by or against it, Merchant shall file a motion on the first day of such proceeding seeking to assume its rights and obligations under this Agreement pursuant to section 365 of title 11, United States Code, and use its commercially reasonable best efforts to obtain prompt approval of such motion by the U.S. bankruptcy court.

Section 18. Merchant's Right to Monitor. Merchant shall have the right to monitor the Sale and activities attendant thereto and to be present in the Stores during the hours when the Stores are open for business, provided that Merchant's presence does not unreasonably disrupt the conduct of the Sale. Merchant shall also have a right of access to the Stores at any time in the event of an emergency situation, and shall promptly notify Agent of such emergency.

Section 19. Reporting. If requested, Agent shall furnish Merchant with reports no more regularly than weekly. Such reports shall reflect the progress of the Sale, including, without limitation, the Proceeds received to date, and such other information regarding the Sale as Merchant reasonably requests. Agent shall maintain and provide to Merchant sales records to permit calculation of and compliance with any percentage rent obligations under Closing Store leases.

Section 20. Agent. All references to "Agent" in this Agreement shall mean each of Hilco Merchant Resources, LLC and Gordon Brothers Retail Partners, LLC, jointly and severally.

Section 21. Miscellaneous.

21.1 Notices. All notices and communications provided for pursuant to this Agreement shall be in writing, and sent by hand, by facsimile, or a recognized overnight delivery service, as follows:

If to Agent:

HILCO MERCHANT RESOURCES, LLC
5 Revere Drive, Suite 206
Northbrook, IL 60062
Attn: Eric Kaup
Tel: 847-849-2966
Fax: 847-897-0766
Email: ekaup@hilcotrading.com

- and -

GORDON BROTHERS RETAIL
PARTNERS, LLC
101 Huntington Avenue, 10th Floor
Boston, MA 02199
Attention: Rafael Klotz
Tel: (617) 422-6246
Fax: (617) 531-7929
Email: rklotz@gordonbrothers.com

If to Merchant:

Circuit City Stores, Inc.
9950 Mayland Drive
Richmond, Virginia 23233
Attn: Reggie Hedgebeth
Deborah Miller
Phone: (804) 486-4000
Fax: (804) 486-4877

With copies to:

Skadden, Arps, Slate, Meagher & Flom LLP
One Rodney Square
P.O. Box 636
Wilmington, DE 19899
Attn.: Gregg M. Galardi
Ian S. Fredericks
Phone: (302) 651-3000
Fax: (302) 651-3001

21.2 Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Virginia without regard to conflicts of laws principles thereof.

21.3 Entire Agreement. This Agreement contains the entire agreement between the parties hereto with respect to the transactions contemplated hereby and

supersedes and cancels all prior agreements, including, but not limited to, all proposals, letters of intent or representations, written or oral, with respect thereto.

21.4 Amendments. This Agreement may not be modified except in a written instrument executed by each of the parties hereto along with the written consent of the Lender Agent, which consent shall not be unreasonably withheld or delayed.

21.5 No Waiver. No consent or waiver by any party, express or implied, to or of any breach or default by the other in the performance of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such other party of the same or any other obligation of such party. Failure on the part of any party to complain of any act or failure to act by the other party or to declare the other party in default, irrespective of how long such failure continues, shall not constitute a waiver by such party of its rights hereunder.

21.6 Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon Agent and Merchant, and their respective successors and assigns. The parties hereto acknowledge that Lender Agent is a third party beneficiary of the Agreement.

21.7 Execution in Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original and all of which together shall constitute but one agreement. This Agreement may be executed by facsimile, and such facsimile signature shall be treated as an original signature hereunder.

21.8 Section Headings. The headings of sections of this Agreement are inserted for convenience only and shall not be considered for the purpose of determining the meaning or legal effect of any provisions hereof.

21.9 Survival. All representations, warranties, covenants and agreements made by the parties hereto shall be continuing, shall be considered to have been relied upon by the parties and shall survive the execution, delivery and performance of this Agreement.

IN WITNESS WHEREOF, Agent and Merchant hereby execute this Agreement by their duly authorized representatives as of the day and year first written above.

**A JOINT VENTURE COMPOSED OF
HILCO MERCHANT RESOURCES, LLC
AND GORDON BROTHERS RETAIL
PARTNERS, LLC**

By: **HILCO MERCHANT RESOURCES, LLC**

By:
Name: *ERIC W. KARP*
Its: *TPP & GC, Manager Member*

By: **GORDON BROTHERS RETAIL
PARTNERS, LLC**

By:
Name:
Its:

CIRCUIT CITY STORES, INC.

By: _____
Its: _____

CIRCUIT CITY STORES WEST COAST, INC.

By: _____
Its: _____

IN WITNESS WHEREOF, Agent and Merchant hereby execute this Agreement by their duly authorized representatives as of the day and year first written above.

**A JOINT VENTURE COMPOSED OF
HILCO MERCHANT RESOURCES, LLC
AND GORDON BROTHERS RETAIL
PARTNERS, LLC**

By: HILCO MERCHANT RESOURCES, LLC

By:

Name:

Its:

**By: GORDON BROTHERS RETAIL
PARTNERS, LLC**

By:

Name:

Its: *Rafael Klotz*
Managing Director

CIRCUIT CITY STORES, INC.

By:

Its:

CIRCUIT CITY STORES WEST COAST, INC.

By:

Its:

IN WITNESS WHEREOF, Agent and Merchant hereby execute this Agreement by their duly authorized representatives as of the day and year first written above.

**A JOINT VENTURE COMPOSED OF
HILCO MERCHANT RESOURCES, LLC
AND GORDON BROTHERS RETAIL
PARTNERS, LLC**

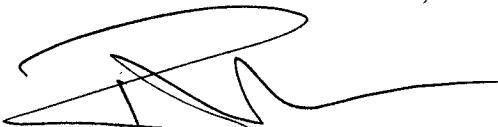
By: HILCO MERCHANT RESOURCES, LLC

By:
Name:
Its:

**By: GORDON BROTHERS RETAIL
PARTNERS, LLC**

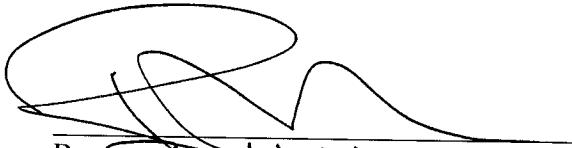
By:
Name:
Its:

CIRCUIT CITY STORES, INC.



By: Regie Hedgepeth
Its: SWP + General Counsel

CIRCUIT CITY STORES WEST COAST, INC.



By: Regie Hedgepeth
Its: Chairman & CEO

EXHIBIT 1

Store List

Store No.	Store	Address	City	State	Zip Code	Telephone No.	Square Ft
235	Concord	2030 Diamond Boulevard	Concord	CA	94520-5702		44,841
236	Dublin	7153 Amador Plaza Road	Dublin	CA	94568-2317		32,766
238	San Rafael	330 Bellam Boulevard	San Rafael	CA	94901-4804		35,821
413	Santa Barbara	3761 State Street	Santa Barbara	CA	93105-3116		26,255
422	Compton	120 East Compton Boulevard	Compton	CA	90220-2411		36,290
426	Riverside	10255 Magnolia Avenue	Riverside	CA	92503		35,119
435	Phoenix Metro	9801 N. Metro Parkway East	Phoenix	AZ	85021		32,135
436	Mesa	1530 W Southern Ave. #210	Mesa	AZ	85202		38,407
437	Scottsdale	8929 East Indian Bend Road	Scottsdale	AZ	85256		33,216
441	Avondale	10140 West McDowell Road	Avondale	AZ	85323-4841		32,183
449	Escondido	1138 West Valley Parkway	Escondido	CA	92025-2559		29,876
520	Outer Loop	4805 Outer Loop	Louisville	KY	40219-3200		32,363
534	Ferguson	3344 Pershall Road	Ferguson	MO	63135		31,915
540	Sharpstown Ss	7553 Bellaire Boulevard	Houston	TX	77036-1903		33,862
712	Town Center Ss	1185 Ernest West Barrett Parkway	Kennesaw	GA	30144-4535		39,186
803	Tysons Corner	1905 Chainbridge Road	Tysons Corner	VA	22180		30,721
821	Beltsville	11011 Baltimore Avenue	Beltsville	MD	20705		33,906
825	Marlow Heights	3551 32Nd Avenue	Marlow Heights	MD	20748		31,972
829	Trussville	3555 Roosevelt Boulevard	Trussville	AL	35173-1918		29,716
834	Greenbriar Ss	3755 Carmia Drive Sw, Suite 1100	Atlanta	GA	30331-2620		34,235
841	Lexington	2434 Nicholasville Road	Lexington	KY	40503-3107		42,431
847	Golden Ring	8823 Pulaski Highway	Baltimore	MD	21237		44,086
853	American Way Ss	6491 Winchester Road	Memphis	TN	38115		40,025
880	Cumberland/Akers Mill	2971 Akers Mill Road Se	Atlanta	GA	30339-2701		34,148
884	Southlake Ss	1906 Mt. Zion Road	Morrow	GA	30260		44,696
886	Buckhead	3637 Peachtree Road	Atlanta	GA	30326		28,715
893	Orange Park	6155 Youngerman Circle	Jacksonville	FL	32244-6607		35,280
920	Hickory Hollow Mall	5221 Hickory Hollow Pkwy.	Antioch	TN	37013		33,749
1604	Charlottesville	100 Albemarle Square	Charlottesville	VA	22901-1466		25,334
1611	Temple	3310 South 31St Street	Temple	TX	76502		19,203
1615	Athens	4110 Atlanta Highway	Bogart	GA	30606		28,518
1628	Merced	3275 R Street	Merced	CA	95340		18,659
1629	Santa Maria	1535 South Bradley Road	Santa Maria	CA	93454		18,973
1697	East 86Th Street	232-240 East 86Th Street	New York	NY	10028		18,476
1806	Akron Outlet	1120 Main Street	Cuyahoga Falls	OH	44221-4922		41,940
1809	Muskegon Outlet	1650 East Sherman Boulevard	Muskegon	MI	49444-1863		27,670
1811	Milwaukee Outlet	8173 West Brown Deer Road	Milwaukee	WI	53223-1703		33,258
1813	Columbus Outlet	4030 West Broad Street	Columbus	OH	43228-1449		32,304
1814	Indianapolis Outlet	10235 East Washington Street	Indianapolis	IN	46229-2627		47,488
1816	Connecticut Outlet	130 Boston Post Road	Orange	CT	16477		31,554
1818	Bloomingdale Outlet	152 South Gary Avenue, Suite 101	Bloomingdale	IL	60108-2225		31,660
1880	Pontiac Outlet	550 North Telegraph Road	Pontiac	MI	48341-1038		45,174
1882	Seattle Outlet Store	34920 Enchanted Parkway South	Federal Way	WA	98003-8325		37,273
3107	North Point	6290 North Point Parkway	Alpharetta	GA	30022-3014		33,190
3118	Skokie	5701 Touhy Avenue	Niles	IL	60714-4605		33,102
3122	Calumet City	1747 East-West Road	Calumet City	IL	60409		33,021
3123	Joliet	3150 Tonti Drive	Joliet	IL	60435		23,046
3124	Vernon Hills	551 North Milwaukee Avenue	Vernon Hills	IL	60061		33,460
3165	Western Hills	5455 Glenway Avenue	Cincinnati	OH	45238		33,045
3171	Crystal Lake Ss	4483 Us Route 14	Crystal Lake	IL	60014		32,223
3172	Manassas	10690 Davidson Place	Manassas	VA	20109		33,956
3181	Mentor Ss	7900 Plaza Boulevard, #100	Mentor	OH	44060		41,445
3182	Elyria Ss	110 Market Drive	Elyria	OH	44035		32,527
3208	Kansas City North Ss	8440 North Madison Avenue	Kansas City	MO	64155		25,588
3210	Independence Mall	18701 East 39Th Street	Independence	MO	64057		32,820
3220	Gwinnett Mall	3850 Venture Drive	Duluth	GA	30316		41,997
3222	Perimeter	1165 Perimeter Center West	Atlanta	GA	30338-5416		41,263
3228	Charlotte University	8215 University City Blvd., Suite D	Charlotte	NC	28213		35,260
3240	Fayetteville '99	744 East Joyce Blvd	Fayetteville	AR	72701		20,877
3243	Tupelo	3834 Market Center Drive	Tupelo	MS	38804		17,108
3268	West Orlando	751 Good Homes Road	Orlando	FL	32281		28,695
3280	Aniston	704 South Quintard Avenue	Anniston	AL	36201		15,077
3297	Snellville Ss	1670 Scenic Hwy 124 North -Suite H	Snellville	GA	30178		28,774
3298	Panama City	427 East 23Rd Street	Panama City	FL	32405		17,050
3299	Overland Park	12020 Metcalf Avenue	Overland Park	KS	66213		28,653
3301	Industry Ss	1600 S. Azusa Avenue	City Of Industry	CA	91748-1517		43,543
3303	Thousand Oaks	600 West Hillcrest Drive	Thousand Oaks	CA	91360		23,755
3312	Pomona Ss Newr3888	2735 S Towne Ave	Pomona	CA	91766		39,891
3330	Tempe Ss	3456 West Chandler Boulevard	Chandler	AZ	85226-1100		32,900
3337	Superstition Springs	1515 South Power Road	Mesa	AZ	85206		33,122
3341	N Scottsdale	7000 East Mayo Boulevard	Phoenix	AZ	85054-7701		33,418
3357	Norman	1620 24Th Avenue Nw	Norman	OK	73069-6390		20,471
3362	Arrowhead	7645 West Bell Road	Peoria	AZ	85382-3830		42,708
3374	Hilltop Ss	4100 Klose Drive	Richmond	CA	94806		39,060
3380	N Colorado	7670 North Academy Boulevard	Colorado Springs	CO	80920-3208		33,037
3394	Murrieta	24390 Village Walk Place	Murrieta	CA	92562		20,882
3402	Pittsburg	4300 Delta Gateway Boulevard	Pittsburg	CA	94565		32,880

3406	Douglasville	9305 A The Landing Drive	Douglasville	GA	30135	28,516
3411	Mall Of Georgia	3295 Buford Highway	Buford	GA	30519-4911	32,637
3416	Conyers	1540 Dogwood Drive Se	Conyers	GA	30013-5041	34,660
3421	Newnan	1098 Bullsboro Drive (Hwy. 34)	Newnan	GA	30264-1320	32,849
3423	Vero Beach	6560 20Th Street	Vero Beach	FL	32966	33,126
3426	Camelback	1670 East Camelback Road	Phoenix	AZ	85016-3902	33,252
3501	Central North	10400 N. Central Expressway	Dallas	TX	75231	32,102
3506	West Bank	4945 Lapalco Blvd.	Marrero	LA	70072	32,582
3507	Veterans	2421 Veterans Memorial Blvd.	Kenner	LA	70062	33,368
3511	Baton Rouge	8640 Airline Highway	Baton Rouge	LA	70815-8107	31,719
3551	Garfield Heights	5642 Transportation Boulevard	Garfield Heights	OH	44125-5363	33,862
3552	Slidell	61119 Airport Road	Slidell	LA	70460-6838	33,797
3558	Happy Valley	2501 West Happy Valley Road	Phoenix	AZ	85027-7849	33,894
3575	Brooklyn	7349 Northcliff Avenue	Brooklyn	OH	44144-3249	34,108
3580	Gilbert	2817 South Market Street	Gilbert	AZ	85296-6303	33,859
3598	Acworth	3384 Cobb Parkway, N.W., Suite 100	Acworth	GA	30101-8304	33,860
3604	Dearborn Ss	5600 Mercury Drive	Dearborn	MI	48126	32,579
3637	Auburn Hills	4612 Baldwin Road	Auburn Hills	MI	48326-1281	39,306
3661	Bay Shore	1675 B Sunrise Highway	Bay Shore	NY	11706	34,594
3671	Freehold	4345 Highway 9	Freehold	NJ	07728	28,399
3678	Smith Haven	139 Alexander Avenue	Lake Grove	NY	11755	36,180
3681	Massapequa	5500 Sunrise Highway	Massapequa	NY	11758	44,885
3683	West Nyack	2731 Palisades Center Drive	West Nyack	NY	10994	33,545
3685	Patchogue	7001 Sunrise Highway	Holbrook	NY	11741	27,774
3704	Paducah	3430 James-Sanders Blvd.	Paducah	KY	42001	20,823
3712	Mansfield	2190 W. 4Th Street	Mansfield	OH	44906	26,430
3714	Livingston Ss	530 West Mount Pleasant Avenue	Livingston	NJ	07039	32,428
3722	Jackson, Mi Micro	1511 Boardman Road	Jackson	MI	49202	19,402
3728	Lafayette	2121 Sagamore Parkway South	Lafayette	IN	47905	23,951
3749	Eastvale	6397 Pats Ranch Road	Mira Loma	CA	91752-4431	21,006
3758	Batavia	1980 West Fabyan Parkway	Batavia	IL	60510-1215	32,871
3760	Goodyear	15433 West Mcdowell Road	Goodyear	AZ	85338	30,223
3763	Sparks	125 Disc Drive	Sparks	NV	89436-7704	19,908
3766	East Palo Alto	1731 East Bayshore Road	Palo Alto	CA	94303-2523	28,218
3778	Bronx Co-Op City	1770-1778 Gun Hill Road	Bronx	NY	10469	30,071
3784	Mayfield Heights	1405 Som Center Rd	Mayfield Heights	OH	44124	33,913
3790	Bolingbrook	111 South Weber Road	Bolingbrook	IL	60490-1565	33,103
3794	North Avenue	1030 W. North Avenue	Chicago	IL	60622-2545	37,619
3795	Kildeer	20505 North Rand Road, Bldg. E	Kildeer	IL	60047-3004	31,934
3802	South Bend	1290 East Ireland Road	South Bend	IN	46614-3473	20,298
3808	Sherman	4127 Highway 75 North	Sherman	TX	75090-9310	20,425
3809	Mansfield	1551 N. Highway 287	Mansfield	TX	76063	20,304
3818	Hilliard	1881 Hilliard Rome Road	Columbus	OH	43226	20,304
3823	Spring Hill	1037 Crossings Blvd	Spring Hill	TN	37174	20,047
3829	Ks:Lenexa-Relo 3211	12010 West 95Th Street	Lenexa	KS	66215	33,688
3860	Rochester Hills	Adams Road And Market Place Circle	Rochester Hills	MI	48306	20,304
4109	Clarksville	1500 Greentree Boulevard	Clarksville	IN	47129	26,231
4126	Countryside	9950 Joliet Road	Countryside	IL	60525	33,122
4195	Hoffman Estates	100 West Higgins Road, Suite K-1	South Barrington	IL	60010	20,940
4200	Tallahassee	2425 Apalachee Parkway	Tallahassee	FL	32301	24,991
4211	Bloomfield Township	2169 Telegraph Road	Bloomfield	MI	48302	29,264
4224	Shoal Creek	8260 North Ditzler Avenue	Kansas City	MO	64158-4541	19,913
4228	Moreno Valley	27610 Eucalyptus Avenue	Moreno Valley	CA	92553	20,304
4229	Morgan Hill	1007 Cochran Road	Morgan Hill	CA	95037	20,555
4230	North Fontana	16685 Sierra Lakes Parkway	Fontana	CA	92336-1255	30,221
4234	Arlington Heights	370 East Rand Road	Arlington Heights	IL	60004-3104	30,863
4240	Northglenn	10602 Melody Drive East	Northglenn	CO	80234-4114	36,297
4243	Foothill Ranch	26542 Towne Centre Drive	Foothill Ranch	CA	92610-2417	20,136
4245	Parker	9851 S. Parker Road	Parker	CO	80134	25,024
4248	McKinney	2050 West University Drive	McKinney	TX	75071-2902	20,304
4252	Cumming	Intersection Of Us 19 & Sr-I 41F	Cumming	GA	30041	20,719
4257	Collierville	10217 East Shelby Dr.	Collierville	TN	38017	30,221
4268	Oswego	1720 Douglas Road	Oswego	IL	60543-5112	19,851
4273	Naples	13585 Tamiami Trail North	Naples	FL	34110	20,719
4278	Oakleaf	9625 Crosshill Boulevard	Jacksonville	FL	32228-5830	20,317
4279	Hiram	4749 Jimmy Lee Smith Parkway	Hiram	GA	30141-2791	20,388
4300	Fremont	43706 Christy Street	Fremont	CA	94538-5002	33,862
4301	Vista	1715 Hacienda Drive	Vista	CA	92083	31,788
4303	Fairfield	1560 Gateway Boulevard	Fairfield	CA	94533	33,338
4310	Cedar Park	1335 East Whistone Boulevard, Suite G	Cedar Park	TX	78613-7282	20,901
4312	League City	3270 S. Gulf Freeway	League City	TX	77573	20,294
4314	Queen Creek	21002 S. Ellsworth Loop	Queen Creek	AZ	85242	30,357
4319	Macon	2951 Watson Boulevard	Warner Robins	GA	31093-8535	20,304
4323	Triangle Junction	2201 Nostrand Ave	Brooklyn	NY	11210	21,833
4324	Grove City	4178 Buckeye Parkway	Grove City	OH	43123-8175	20,168
4338	Burleson	12640 South Freeway	Burleson	TX	76028-8435	20,333
4501	Penn Square	3625 North West Expressway	Oklahoma City	OK	73112	31,831

EXHIBIT 2

EXHIBIT 2

CIRCUIT CITY SALE GUIDELINES

In addition section 9 of the Agency Agreement,¹ the following procedures shall apply to any store closing sales (each a "Sale" and collectively, "Sales") to be held at the Merchant's Closing Stores:

A. The Sales shall be conducted so that the Closing Stores in which sales are to occur will remain open no longer than during the normal hours of operation provided for in the respective leases for the Stores.

B. Agent shall not distribute handbills, leaflets or other written materials to customers outside of any Closing Stores' premises, unless permitted by the lease or, if distribution is customary in the shopping center in which such Closing Store is located. Otherwise, Agent may solicit customers in the Closing Stores themselves.

C. At the conclusion of the Sales, Agent shall vacate the Closing Stores in broom-clean condition, and shall leave the stores in the same condition as on Sale Commencement Date, ordinary wear and tear, excepted, in accordance with Section 6.2 of the Agency Agreement.

D. All display and hanging signs used by the Agent in connection with the Sales shall be professionally lettered and all hanging signs shall be hung in a professional manner. Nothing contained herein shall be construed to create or impose upon the Agent any additional restrictions not contained in the applicable lease agreement.

E. Conspicuous signs shall be posted in each of the affected Closing Stores to effect that all sales are "final".

F. Except with respect to the hanging of exterior banners, the Agent shall not make any alterations to the storefront or exterior walls of any Closing Stores.

G. The Agent shall not make any alterations to interior or exterior Closing Store lighting. No property of the landlord of a Closing Store shall be removed or sold during the Sales.

H. Agent shall keep Closing Store premises and surrounding area clear and orderly consistent with present practices.

¹ Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Amended and Restated Agency Agreement dated as of November 4, 2008, by and between a Joint Venture Composed of Hilco Merchant Resources, LLC and Gordon Brothers Retail Partners, LLC, and Circuit City Stores, Inc. and Circuit City Stores West Coast, Inc. (the "Agency Agreement").

EXHIBIT 3.1(c)

Circuit City
Merchandise Threshold Schedule

EXHIBIT 3.1(c)

Cost Value	Adjustment Points	Adjusted Guaranty
240,000,000	0.09%	70.20%
239,000,000	0.09%	70.29%
238,000,000	0.09%	70.38%
237,000,000	0.09%	70.47%
236,000,000	0.09%	70.56%
235,000,000	0.09%	70.65%
234,000,000	0.09%	70.74%
233,000,000	0.09%	70.83%
232,000,000	0.09%	70.92%
231,000,000	0.09%	71.01%
230,000,000	0.09%	71.10%
229,000,000	0.09%	71.19%
228,000,000	0.09%	71.28%
227,000,000	0.09%	71.37%
226,000,000	0.09%	71.46%
225,000,000	0.09%	71.55%
224,000,000	0.09%	71.64%
223,000,000	0.09%	71.73%
222,000,000	0.09%	71.82%
221,000,000	0.09%	71.91%
220,000,000		72.00%
190,000,000		72.00%
189,000,000	0.20%	71.80%
188,000,000	0.20%	71.60%
187,000,000	0.20%	71.40%
186,000,000	0.20%	71.20%
185,000,000	0.20%	71.00%
184,000,000	0.20%	70.80%
183,000,000	0.20%	70.60%
182,000,000	0.20%	70.40%
181,000,000	0.20%	70.20%
180,000,000	0.20%	70.00%
179,000,000	0.23%	69.77%
178,000,000	0.23%	69.54%
177,000,000	0.23%	69.31%
176,000,000	0.23%	69.08%
175,000,000	0.23%	68.85%
174,000,000	0.23%	68.62%
173,000,000	0.23%	68.39%
172,000,000	0.23%	68.16%
171,000,000	0.23%	67.93%
170,000,000	0.23%	67.70%

Notes:

Adjustments between the increments shall be on a prorata basis.

Adjustments below \$170,000,000 & above \$240,000,000 to be mutually agreed upon.

EXHIBIT 3.3(b)

[NAME OF ISSUING BANK]

[ADDRESS]

Date: November ___, 2008

Irrevocable Standby Letter of Credit Number: _____

BENEFICIARY:

CIRCUIT CITY STORES, INC. and
CIRCUIT CITY STORES WEST COAST, INC.

Credit Number:

Opener's Reference No:

Gentlemen:

BY ORDER OF: Hilco Merchant Resources, LLC

We hereby open in your favor our Irrevocable Standby Letter of Credit for the account of Circuit City Stores, Inc. and Circuit City Stores West Coast, Inc. for a sum or sums not exceeding a total of Fifteen Million U.S. Dollars (\$15,000,000) available by your draft(s) at SIGHT at OURSELVES effective immediately and expiring at the close of business at OUR COUNTERS on March 2, 2009, or such earlier date on which the beneficiary shall notify us in writing that this Standby Letter of Credit shall be terminated accompanied by the original Letter of Credit (the "Expiry Date").

Draft(s) must be accompanied by a signed statement in the form attached as Exhibit A, and the original Letter of Credit.

Partial and/or multiple drawings are permitted.

Each draft must bear upon its face the clause "Drawn under Letter of Credit No. _____ dated January ___, 2004 of [NAME AND ADDRESS OF ISSUING BANK]."

Except so far as otherwise expressly stated herein, this Letter of Credit is subject to the "Uniform Customs and Practices for Documentary Credits (1993 Revision), International Chamber of Commerce Publication No. 500".

We hereby agree that drafts drawn under and in compliance with the terms of this letter of credit will be duly honored within one business day if presented to the above mentioned drawee bank on or before the Expiry Date.

Kindly address all correspondence regarding this letter of credit to the attention of our Letter of Credit Operations, [ADDRESS OF L/C DEPARTMENT OF ISSUING BANK] attention _____, mention our reference number as it appears above. Telephone inquiries can be made to _____ at _____.

Very truly yours,

Authorized official

EXHIBIT A

TO IRREVOCABLE STANDBY LETTER OF CREDIT NO. _____

Re: Drawing for Amounts Due to:

CIRCUIT CITY STORES, INC.
CIRCUIT CITY STORES WEST COAST, INC.

Ladies and Gentlemen:

I refer to your Letter of Credit No. _____ (the "Letter of Credit"). The undersigned, a duly authorized officer of Circuit City Stores, Inc. and Circuit City Stores West Coast, Inc., as beneficiaries, hereby certifies to you that:

- (i) Agent (defined below) has not made a payment when due of the Guaranteed Amount, Recovery Amount, or Expenses as such terms are defined in that certain Amended and Restated Agency Agreement dated as of November 4, 2008 (the "Agency Agreement"), between Circuit City Stores, Inc. and Circuit City Stores West Coast, Inc. (together, "Merchant") and a joint venture composed of Hilco Merchant Resources, LLC, and Gordon Brothers Retail Partners, LLC ("Agent"). Merchant has provided Agent with the notice required under the Agency Agreement prior to this draw being made.
- (ii) The Merchant has not had an involuntary bankruptcy petition filed against it or the Merchant has had an involuntary bankruptcy petition filed against it and (a) the involuntary proceeding has been dismissed or (b) no order for relief has been entered against the Merchant and no order has been entered by the bankruptcy court prohibiting the continuation of the Sale (as defined in the Agency Agreement) or (c) an order for relief has been entered or an order has been entered by the bankruptcy court prohibiting continuation of the Sale and thereafter the Agency Agreement has been assumed by the Merchant without alteration of any of the terms of the Agency Agreement, unless agreed to by Agent, pursuant to a final order of the bankruptcy court having jurisdiction over the Merchant's bankruptcy proceeding within ten days of the entry of the order for relief.
- (iii) The Merchant has not commenced a voluntary bankruptcy proceeding or the Merchant has commenced a voluntary bankruptcy proceeding and the Agency Agreement has been assumed by the Merchant without alteration of any of the terms of the Agency Agreement, unless agreed to by Agent, pursuant to a final order of the bankruptcy court having jurisdiction over the Merchant's voluntary bankruptcy proceeding within ten days of the commencement of the case.

(iv) No Event of Default with respect to the Merchant or event which, with the passage of time or lapse of time and notice, will constitute an Event of Default with respect to the Merchant under the Agency Agreement exists.

(v) The amount to be drawn is \$ _____ (the "Amount Owing").

(vi) Payment is hereby demanded in an amount equal to the lesser of (a) the Amount Owing and (b) the amount available on the date hereof to be drawn under the Letter of Credit.

(vii) The Letter of Credit has not expired prior to the delivery of this letter and the accompanying sight draft.

(viii) The payment hereby demanded is requested to be made in immediately available funds upon delivery of this certificate by wire transfer to the following account:

[Bank Name]
[Bank Address]
ABA No: _____
Further Credit to: [Account Title]
Account No.

IN WITNESS WHEREOF, I have executed and delivered this certificate as of this date of
_____ 2009.

Very truly yours,

CIRCUIT CITY STORES, INC.

By:
Title:

CIRCUIT CITY STORES WEST COAST, INC.

By:
Title:

BANK OF AMERICA, N.A.
1 FLEET WAY
SCRANTON, PA 1850-1999 U.S.A.

Irrevocable Standby Letter of Credit

Beneficiary: _____ Credit Number: _____

Opener's Reference No:

BY ORDER OF: Gordon Brothers Retail Partners, LLC

We hereby open in your favor our Irrevocable Standby Letter of Credit for the account of Gordon Brothers Retail Partners, LLC for a sum not exceeding a total of Fifteen Million U.S. Dollars (\$15,000,000) available by your draft(s) at SIGHT on Bank of America, Scranton, PA, effective immediately, and expiring at OUR COUNTERS on March 2, 2009, or such earlier date on which the Beneficiary shall notify us in writing that this Standby Letter of Credit shall be terminated accompanied by the original Letter of Credit (the "Expiry Date").

Draft(s) must be accompanied by the original Letter of Credit and a signed statement in the form attached hereto as Exhibit A, signed by an authorized officer of Circuit City Stores, Inc. and Circuit City Stores West Coast, Inc. (together, the "Merchant").

Partial and/or multiple drawings are permitted.

Each draft must bear upon its face the clause "Drawn under Letter of Credit No. _____, dated _____ of Bank of America, Scranton, PA."

Except so far as otherwise expressly stated herein, this Letter of Credit is subject to the "Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce Publication No. 500."

We hereby agree that drafts drawn under and in compliance with the terms of this Letter of Credit will be duly honored if presented to the above-mentioned drawee bank on or before the Expiry Date.

Kindly address all correspondence regarding this Letter of Credit to the attention of our Letter of Credit Operations, Bank of America, 1 Fleet Way, Scranton, PA 18507-1999, Attention: Standby Letter of Credit, mentioning our reference number as it appears above. Telephone inquiries can be made to Valerie DeLaura at (800) 370-7519.

Very truly yours,

Authorized Official

EXHIBIT A

TO IRREVOCABLE LETTER OF CREDIT NO. _____

Re: Drawing for Amounts Due to:

Ladies and Gentlemen:

I refer to your Letter of Credit No. _____ (the "Letter of Credit"). The undersigned duly authorized officer of Circuit City Stores, Inc. and Circuit City Stores West Coast, Inc. (together, the "Merchant") hereby certifies to you that:

- (i) Agent (defined below) has not made a payment when due of the Guaranteed Amount, Recovery Amount, or Expenses as such terms are defined in that certain Amended and Restated Agency Agreement dated as of November 4, 2008 (the "Agency Agreement"), between Circuit City Stores Inc. and Circuit City Stores West Coast, Inc. (together, the "Merchant") and a joint venture composed of Hilco Merchant Resources, LLC and Gordon Brothers Retail Partners, LLC (collectively, "Agent"). Merchant has provided Agent with the notice required under the Agency Agreement prior to this draw being made.
- (ii) The Merchant has not had an involuntary bankruptcy petition filed against it or the Merchant has had an involuntary bankruptcy petition filed against it and (a) the involuntary proceeding has been dismissed or (b) no order for relief has been entered against the Merchant and no order has been entered by the bankruptcy court prohibiting the continuation of the Sale (as defined in the Agency Agreement) or (c) an order for relief has been entered or an order has been entered by the bankruptcy court prohibiting continuation of the Sale and thereafter the Agency Agreement has been assumed by the Merchant without alteration of any of the terms of the Agency Agreement, unless agreed to by Agent, pursuant to a final order of the bankruptcy court having jurisdiction over the Merchant's bankruptcy proceeding within ten days of the entry of the order for relief.
- (iii) The Merchant has not commenced a voluntary bankruptcy proceeding or the Merchant has commenced a voluntary bankruptcy proceeding and the Agency Agreement has been assumed by the Merchant without alteration of any of the terms of the Agency Agreement, unless agreed to by Agent, pursuant to a final order of the bankruptcy court having jurisdiction over the Merchant's voluntary bankruptcy proceeding within ten days of the commencement of the case.
- (iv) No Event of Default with respect to the Merchant or event which, with the passage of time or lapse of time and notice, will constitute an Event of Default with respect to the Merchant under the Agency Agreement exists.
- (v) The amount to be drawn is \$ _____ (the "Amount Owing").

(vi) Payment is hereby demanded in an amount equal to the lesser of (a) the Amount Owing and (b) the amount available on the date hereof to be drawn under the Letter of Credit.

(vii) The Letter of Credit has not expired prior to the delivery of this letter and the accompanying sight draft.

(viii) The payment hereby demanded is requested to be made in immediately available funds upon delivery of this certificate by wire transfer to the following account:

[Bank Name]
[Bank Address]
ABA No: _____
Further Credit to: [Account Title]
Account No.

IN WITNESS WHEREOF, I have executed and delivered this letter as of this _____ day of _____, 200_.

Very truly yours,

CIRCUIT CITY STORES, INC.

By: _____
Title: _____

CIRCUIT CITY STORES WEST COAST, INC.

By: _____
Title: _____

EXHIBIT 4.1

Circuit City
Occupancy Schedule for the 154 Closing Stores
Per Diem

Loc #	Location Name	Rent	Utilities	Contract Cleaning	Misc. Occ	CAM	Building Maintenance/Repairs	TSS IBM Maint Exp	Insurance General	Licenses	Real Estate Tax	Personal Property Tax	Total
235	Concord	3,333	484	93	80	-	131	77	82	16	354	13	4,662
236	Dublin	1,116	285	77	56	-	109	79	62	3	210	5	2,001
238	San Rafael	2,048	269	91	19	-	52	79	78	9	263	5	2,913
413	Santa Barbara	1,538	291	85	3	57	100	78	87	10	216	10	2,476
422	Compton	1,051	376	78	-	281	95	80	50	11	147	14	2,183
426	Riverside	1,140	253	69	-	179	105	78	53	9	67	14	1,967
435	Phoenix Metro	1,659	236	76	24	-	84	78	25	1	146	3	2,331
436	Mesa	1,177	209	112	1	104	108	77	49	0	113	0	1,949
437	Scottsdale	1,371	227	79	-	151	90	79	76	0	121	0	2,193
441	Avondale	1,381	237	59	1	161	124	83	36	0	259	27	2,366
449	Escondido	1,074	252	74	4	73	79	83	75	6	146	9	1,876
520	Outer Loop	524	188	65	44	24	78	64	26	-	71	32	1,116
534	Ferguson	596	186	73	51	-	186	77	39	16	155	7	1,388
540	Sharpstown SS	1,351	360	67	7	-	62	77	27	1	212	116	2,280
712	Town Center SS	1,511	210	64	24	5	151	66	52	22	182	72	2,360
803	Tysons Corner	3,075	210	64	-	400	62	65	34	61	283	45	4,297
821	Beltsville	1,403	355	73	2	63	86	65	35	5	168	24	2,279
825	Marlow Heights	912	476	72	56	-	101	69	36	5	150	35	1,912
829	Trussville	685	357	60	41	-	45	77	40	46	49	0	1,400
834	Greenbriar SS	1,385	211	63	4	50	79	67	28	74	169	84	2,212
841	Lexington	906	132	64	1	76	153	81	35	0	64	36	1,550
847	Golden Ring	1,736	477	74	76	-	163	66	38	5	150	41	2,827
853	American Way SS	1,260	250	61	-	61	82	77	51	88	264	13	2,206
880	Cumberland/Akers Mill	1,616	224	61	7	120	120	65	34	18	212	68	2,545
884	Southlake SS	1,703	328	57	4	72	117	68	44	21	169	73	2,655
886	Buckhead	1,703	290	72	5	108	175	72	36	48	264	93	2,866
893	Orange Park	1,069	247	68	66	-	107	68	33	5	77	15	1,754
920	Hickory Hollow Mall	875	231	74	39	4	78	67	51	76	181	2	1,676
1604	Charlottesville	569	195	49	-	21	89	66	27	73	31	9	1,129
1611	Temple	621	241	59	33	-	50	77	23	-	60	49	1,215
1615	Athens	927	272	56	49	-	62	66	40	4	95	57	1,628
1628	Merced	748	221	79	29	-	66	79	61	12	104	11	1,411
1629	Santa Maria	908	213	69	17	-	48	77	56	0	123	7	1,519
1697	East 86Th Street	3,379	364	95	71	362	212	78	41	11	1,047	-	5,661
1806	Akron Outlet	1,242	161	51	31	-	45	29	5	-	305	-	1,869
1809	Muskegon Outlet	1,173	170	24	-	49	15	29	5	-	124	-	1,589
1811	Milwaukee Outlet	1,411	184	46	-	124	50	29	4	-	123	-	1,971
1813	Columbus Outlet	1,141	197	44	-	44	34	29	4	-	114	-	1,607
1814	Indianapolis Outlet	984	137	42	-	130	18	29	4	0	188	-	1,531
1816	Connecticut Outlet	1,468	463	74	65	-	29	30	5	1	206	1	2,341
1818	Bloomingdale Outlet	1,536	146	51	-	296	38	28	4	2	413	-	2,514
1880	Pontiac Outlet	1,194	245	44	-	83	33	31	10	0	139	0	1,779
1882	Seattle Outlet Store	1,977	133	64	-	136	34	29	10	33	143	10	2,567
3107	North Point	1,207	319	73	4	75	141	68	44	1	124	91	2,147
3118	Skokie	1,236	272	64	39	-	185	82	34	1	472	-	2,384
3122	Calumet City	1,170	231	61	5	128	122	83	31	1	689	-	2,521
3123	Joliet	815	202	67	59	-	59	78	31	-	100	-	1,410
3124	Vernon Hills	1,125	238	66	48	162	135	79	32	1	192	-	2,077
3165	Western Hills	1,356	287	67	46	32	115	81	26	31	255	-	2,295
3171	Crystal Lake SS	1,527	241	64	-	208	79	79	41	-	229	-	2,468
3172	Manassas	1,539	286	71	25	-	72	67	47	70	154	41	2,372
3181	Mentor SS	1,834	332	63	-	62	98	80	30	34	118	67	2,717
3182	Elyria SS	1,341	246	63	-	70	59	81	29	33	139	15	2,078
3208	Kansas City North SS	968	200	74	6	80	56	82	26	19	69	4	1,584
3210	Independence Mall	1,096	290	60	61	5	141	78	46	9	198	10	1,994
3220	Gwinnett Mall	1,720	293	58	4	119	324	67	44	35	152	66	2,881
3222	Perimeter	2,423	316	63	4	178	141	67	48	57	323	76	3,696
3228	Charlotte University	1,441	214	61	-	63	117	69	27	18	80	8	2,098
3240	Fayetteville '99	912	219	49	25	-	50	79	35	-	62	39	1,471
3243	Tupelo	694	155	64	-	42	68	78	28	2	8	60	1,200
3268	West Orlando	1,413	290	68	4	94	56	66	36	2	159	22	2,209
3280	Anniston	482	198	66	12	-	62	79	22	26	38	2	987
3297	Snellville SS	1,124	196	62	4	68	64	64	36	13	150	59	1,840
3299	Panama City	870	206	62	14	32	73	66	23	1	111	4	1,463
3301	Overland Park	1,351	180	62	-	98	99	78	43	-	455	9	2,375
3301	Industry SS	1,443	344	83	-	-	53	80	73	2	574	45	2,697
3303	Thousand Oaks	1,398	310	72	35	-	69	84	58	5	125	3	2,160
3312	Pomona SS Newr3888	1,465	533	91	2	108	94	82	79	67	104	19	2,645
3330	Tempe SS	1,476	271	67	1	81	94	79	34	0	210	23	2,335
3337	Superstition Springs	973	300	74	-	35	121	78	33	-	153	4	1,770
3341	N Scottsdale	1,487	298	66	-	101	100	80	33	0	158	27	2,351
3357	Norman	966	143	53	3	125	22	68	15	1	51	49	1,496
3362	Arrowhead	1,459	406	72	-	130	127	82	52	0	251	9	2,589
3374	Hilltop SS	1,620	437	86	-	158	65	79	65	11	370	21	2,912
3380	N. Colorado	1,124	190	64	9	135	82	79	28	-	214	5	1,930
3394	Murrieta	1,306	255	89	-	91	29	87	-	-	-	-	1,857
3402	Pittsburg	2,082	427	72	3	167	85	79	61	5	202	29	3,213
3406	Douglasville	1,059	241	60	6	55	147	65	39	14	66	63	1,814
3411	Mall Of Georgia	721	266	59	14	5	127	67	35	33	182	76	1,585
3416	Conyers	1,284	244	62	4	60	94	69	44	2	189	79	2,132
3421	Newnan	1,289	256	57	4	95	104	69	42	15	116	65	2,111
3423	Vero Beach	1,554	470	73	98	8	113	78	27	1	195	21	2,638
3426	Camelback	169	299	78	2	154	114	81	30	0	251	24	1,201
3501	Central North	1,284	425	69	16	-	123	78	28	1	209	100	2,333
3505	West Bank	1,071	368	50	52	-	172	79	44	19	123	127	2,104
3507	Veterans	507	336	51	15	-	103	78	62	18	124	101	1,395
3511	Baton Rouge	800	288	70	49	-	138	78	53	17	118	112	1,722
3551	Garfield Heights	1,488	310	62	-	94	47	79	26	247	-	2,378	
3552	Slidell	1,273	300	65	20	43	119	81	45	19	103	239	2,306
3558	Happy Valley	1,727	237	59	-	146	39	80	31	1	73	16	2,408

Circuit City
Occupancy Schedule for the 154 Closing Stores
Per Diem

Loc #	Location Name	Rent	Utilities	Contract Cleaning	Misc. Occ	CAM	Building Maintenance/Repairs	TSS	IBM Maint Exp	Insurance General	Licenses	Real Estate Tax	Personal Property Tax	Total
3575	Brooklyn	1,621	243	71	1	166	116	79	32	50	256	17	2,652	
3580	Gilbert	1,495	210	73	-	96	72	77	33	-	140	12	2,209	
3598	Acworth	1,484	208	58	4	65	41	67	31	17	156	105	2,236	
3604	Dearborn SS	1,616	270	69	2	158	82	79	33	-	340	25	2,674	
3637	Auburn Hills	2,424	370	65	1	198	80	78	34	-	220	23	3,492	
3661	Bay Shore	1,232	469	86	-	245	96	78	35	-	567	-	2,807	
3671	Freehold	1,323	437	68	-	98	113	77	38	2	361	-	2,517	
3678	Smith Haven	2,804	604	75	2	229	120	78	36	-	570	-	4,518	
3681	Massapequa	2,196	522	88	8	147	246	77	41	-	1,571	-	4,896	
3683	West Nyack	3,182	394	89	-	-	178	77	35	-	975	-	4,931	
3685	Patchogue	1,142	473	87	47	7	110	81	34	-	362	-	2,343	
3704	Paducah	823	215	69	5	91	72	67	36	28	53	26	1,484	
3712	Mansfield	927	229	66	-	53	66	78	40	31	66	0	1,555	
3714	Livingston SS	2,020	451	78	2	154	103	76	36	2	552	-	3,472	
3722	Jackson, MI Micro	816	163	75	4	58	85	81	36	-	147	9	1,474	
3728	Lafayette	769	159	69	-	44	97	80	37	-	46	-	1,300	
3749	Eastvale	1,306	212	112	-	176	44	85	20	10	130	24	2,120	
3758	Batavia	1,836	202	66	-	111	73	77	31	-	344	-	2,740	
3760	Goodyear	1,219	243	69	-	85	81	71	14	0	139	4	1,926	
3763	Sparks	878	195	65	4	64	47	78	16	16	213	10	1,585	
3766	East Palo Alto	1,859	299	72	1	89	53	80	30	26	219	-	2,730	
3778	Bronx Co-Op City	2,385	363	77	35	-	82	78	71	5	69	23	3,188	
3784	Mayfield Heights	1,680	250	66	-	160	68	79	30	38	226	37	2,633	
3790	Bolingbrook	1,590	236	61	49	19	56	78	27	1	225	-	2,343	
3794	North Avenue	3,883	294	64	1	231	44	77	43	2	1,149	-	5,789	
3795	Kildeer	1,653	250	63	-	98	132	79	30	2	218	-	2,523	
3802	South Bend	901	133	34	-	96	38	83	16	0	107	140	1,546	
3808	Sherman	672	282	54	-	112	70	83	16	0	356	169	1,814	
3809	Mansfield	668	363	77	35	-	82	78	71	5	69	23	1,470	
3818	Hilliard	873	196	67	-	100	38	88	17	33	111	147	1,670	
3823	Spring Hill	480	20	148	-	93	88	46	16	56	115	25	1,087	
3829	Ks:Lenexa-Relo 3211	1,780	196	66	-	120	43	65	15	1	200	22	2,508	
3860	Rochester Hills	1,083	248	89	-	112	71	89	25	0	226	24	1,969	
4109	Clarksville	906	159	63	-	15	83	65	26	-	212	9	1,537	
4126	Countryside	1,760	285	66	51	-	141	79	28	1	359	-	2,770	
4195	Hoffman Estates	2,237	363	77	35	-	82	78	71	5	69	23	3,040	
4200	Tallahassee	410	427	77	28	33	177	75	29	5	81	17	1,360	
4211	Bloomfield Township	1,467	244	65	-	99	59	70	13	-	304	18	2,339	
4224	Shoal Creek	866	150	51	-	125	35	64	6	26	165	2	1,490	
4228	Moreno Valley	1,001	363	77	35	-	82	78	71	5	69	23	1,804	
4229	Morgan Hill	1,314	235	40	-	204	12	89	-	-	-	-	1,894	
4230	North Fontana	1,699	282	104	-	208	47	66	18	-	374	2	2,799	
4234	Arlington Heights	2,389	247	76	1	144	81	65	10	1	642	-	3,654	
4240	Northglenn	1,817	151	62	4	176	78	79	23	-	176	76	2,641	
4243	Foothill Ranch	1,272	218	78	32	84	76	66	13	2	324	4	2,169	
4245	Parker	1,524	230	120	13	316	28	80	23	0	202	52	2,589	
4248	McKinney	473	230	60	-	97	82	87	16	-	380	-	1,424	
4252	Cumming	2,720	363	77	35	-	82	78	71	5	69	23	3,523	
4257	Collerville	1,616	222	118	-	200	75	70	24	74	211	25	2,634	
4268	Oswego	879	168	70	1	74	46	65	8	-	275	-	1,587	
4273	Naples	1,584	377	162	-	173	-	79	24	2	154	32	2,587	
4278	Oakleaf	1,156	223	74	-	216	33	91	18	-	294	8	2,114	
4279	Hiram	1,367	217	72	3	89	58	75	11	11	232	3	2,140	
4300	Fremont	2,272	265	74	-	135	64	84	72	11	442	22	3,443	
4301	Vista	1,118	256	75	-	29	112	77	73	9	153	10	1,911	
4303	Fairfield	1,204	466	83	21	-	105	83	67	8	196	0	2,232	
4310	Cedar Park	1,296	217	90	-	146	71	73	8	-	363	10	2,275	
4312	League City	979	363	77	35	-	82	78	71	5	69	23	1,781	
4314	Queen Creek	1,727	363	77	35	-	82	78	71	5	69	23	2,529	
4319	Macon	1,055	187	63	-	105	96	81	21	1	76	-	1,686	
4323	Triangle Junction	4,696	363	77	35	-	82	78	71	5	69	23	5,498	
4324	Grove City	932	156	78	-	127	75	69	13	35	423	8	1,916	
4338	Burleson	802	279	69	-	97	57	67	13	0	491	22	1,898	
4501	Penn Square	776	201	74	104	-	149	77	41	0	124	71	1,617	
155	Total	213,079	42,225	10,841	2,268	12,910	13,567	11,250	5,477	1,845	34,314	4,230	352,005	

Notes:

1) Per Diem calculation is based on total expenses for the 12 months ended August 2008 and the stated rent on the lease.

2) Stores 3357, 3394, 3749, 3760, 3778, 3802, 3808, 3823, 3860, 4211, 4229, 4230, 4234, 4245, 4248, 4257, 4273, 4278, 4279, 4319, 4323, 4324, and 4338 were all open less than a full 12 months. The Per Diem calculation for these stores was based on expenses incurred from the first full month of operation through August 31, 2008.

3) Stores 3778, 3809, 3826, 4195, 4228, 4252, 4312, 4314, and 4323 had insufficient data or were opened or will be opened after August 1, 2008. The per diem calculation for these stores was based on the annual rent from the respective leases and the average per diem of the variable expenses for the remainder of the stores.

EXHIBIT 5.3(b)

Circuit City (1)

**Inventory Summary for the 155 Closing Stores
As of 10/28/08**

	Cost (2,3)	Retail (4)	% of Total Cost	% of Total Retail	Cost/Retail	Markup
Consumer Electronics	193,467,622	298,922,812	93.2%	96.4%	64.7%	35.3%
Ineligible						
- Consignment	21,993,877	28,512,434	10.6%	9.2%	77.1%	22.9%
- Vendor Restricted (Bose)	2,259,987	4,269,425	1.1%	1.4%	52.9%	47.1%
- Dept. 111 Direct TV Receivers	230,288	280,575	0.1%	0.1%	82.1%	17.9%
- Dept. 499 Gift Cards - Non-Consign	127,046	150,761	0.1%	0.0%	84.3%	15.7%
- Reserve & Lay Inventory	1,467,402	2,329,980	0.7%	0.8%	63.0%	37.0%
- \$9999.99 Skus and Dept 118 - Seating	12,953	4,042,342	0.0%	1.3%	0.3%	99.7%
Total Ineligible Inventory	26,091,553	39,585,517	12.6%	12.8%	65.9%	34.1%
Total Eligible Consumer Electronics	167,376,069	259,337,295	80.7%	83.6%	64.5%	35.5%
Store Entertainment (5)	40,157,644	50,860,901	19.3%	16.4%	79.0%	21.0%
Total Eligible Inventory	207,533,713	310,198,196	100.0%	100.0%	66.9%	33.1%
Total Consignment	21,993,877	28,512,434				
- Gift Card Consign	17,033,747	19,080,594				
Eligible Consignment Inventory (6)	4,960,130	9,431,840				

Notes:

1) The data set forth in this Exhibit is derived from two sources: (1) "CC - SKU inv file as of 10.28.08.mdb"; and (2) "CC - Store Ent as of 10.28.08.xls" (together, the "SKU Files"). To the extent of any inconsistency between this Exhibit 5.3 and the information and data in the SKU Files, the information and data in the SKU Files shall prevail.

2) For purposes of this Agreement, "Cost Value" shall mean, with respect to each item of Merchandise, the standard cost (determined by applicable merchant accounting unit for such item of Merchandise as reflected in Merchant's master cost file as of the Sale Commencement Date (the "Cost File"). Cost is determined by the average cost method and includes the cost of freight from the vendor to the Merchant's distribution centers, or in the case of direct shipments, the cost of freight from the vendor to the Merchant's stores. In the case of import Merchandise, cost includes duties, brokerage fees, drayage, and other associated costs that result in a net landed cost.

Also included in the cost of inventory are certain discounts and vendor allowances that are not a reimbursement of specific, incremental and identifiable costs to promote vendors' products. With respect to some, and in certain instances all, items of Merchandise, cost, as reflected in the Cost File, does not account for or include certain volume discounts, advertising co-op allowances, or other discounts, including, without limitation, cash discounts (each a "Discount"); provided, further, that the Cost Value associated with any such item of Merchandise shall not be adjusted on account of any Discount(s). The Cost Value represents the stock ledger cost, which includes a 5% load to protect inventory margin for internal reporting and is reversed on the general ledger.

3) To the extent there is a difference between the Cost Value determined in accordance with section 5.3(a) and Merchant's "SKU Detail - Stores and Transfer Merch" as set forth on Exhibit 5.3(b) with respect to an item of Merchandise, the Cost Value for such item of Merchandise shall be adjusted to the "average cost" as set forth on Exhibit 5.3(b).

4) For purposes of this Agreement, Retail Price shall mean, with respect to each item of Merchandise, as of the Sale Commencement Date, the lower of (i) the lowest ticketed, shelf marked, or rebate price, and (ii) the lowest register or file price, except for minimum discretionary prices allowed to sales persons. The marked down Retail Price of open box or display Merchandise will not be applied as the lowest Retail Price for other items of the identical SKU. If Merchant and Agent agree that any item is clearly mismarked, then such mismarked price will not be utilized when determining Retail Price and the actual price will prevail. If the Retail Price of an item of Merchandise is less than the Cost Value of such item of Merchandise as determined under section 5.3(a) and (b), the Cost Value of all such items of Merchandise shall be such Retail Price.

5) Store Entertainment includes Used Games, CD, HD DVD, DVD, PSP Movies, and Video Games.

6) Eligible consignment inventory would be sold on a 20% fee basis without any additional fees.

EXHIBIT 12.1(m)

**Circuit City
Cost Factor**

EXHIBIT 12.1(m)

Cost Factor	Adjustment Points	Adjusted Guaranty
------------------------	------------------------------	------------------------------

68.70% 72.00%

68.80%	0.18%	71.65%
68.90%	0.18%	71.47%
69.00%	0.18%	71.29%
69.10%	0.18%	71.11%
69.20%	0.18%	70.93%
69.30%	0.18%	70.75%
69.40%	0.18%	70.57%
69.50%	0.18%	70.39%
69.60%	0.18%	70.21%
69.70%	0.18%	70.03%
69.80%	0.18%	69.85%
69.90%	0.18%	69.67%
70.00%	0.18%	69.49%
70.10%	0.18%	69.31%
70.20%	0.18%	69.13%
70.30%	0.18%	68.95%
70.40%	0.18%	68.77%
70.50%	0.18%	68.59%
70.60%	0.18%	68.41%
70.70%	0.18%	68.23%

EXHIBIT 12.1(n)

Circuit City
Music and Video Mix Threshold

Exhibit 12.1(n)

Music & Video % Total Cost Inventory	Adjustment Points	Adjusted Guaranty
20.00%		72.00%
20.50%	0.38%	71.65%
21.00%	0.38%	71.27%
21.50%	0.38%	70.89%
22.00%	0.38%	70.51%
22.50%	0.38%	70.13%
23.00%	0.38%	69.75%
23.50%	0.38%	69.37%
24.00%	0.38%	68.99%
24.50%	0.38%	68.61%
25.00%	0.38%	68.23%

Note:

Agent and Merchant shall agree upon a remedy should Music & Video Inventory exceed 25% of the total cost inventory.

Attachment to Store Closing Agreement

[Letter Agreement to the Store Closing Agreement]

A Joint Venture Composed of
Hilco Merchant Resources, LLC
and
Gordon Brothers Retail Partners, LLC

December 3, 2008

Circuit City Stores, Inc.
Circuit City Stores West Coast, Inc.
9950 Mayland Drive
Richmond, Virginia 23233
Attention: Reginald D. Hedgebeth,
Senior Vice President and General Counsel

Re: *FF&E Sales at Circuit City Closing Stores*

Ladies and Gentlemen:

Reference is hereby made to that certain Amended and Restated Agency Agreement by and among (i) a Joint Venture Composed of Hilco Merchant Resources, LLC and Gordon Brothers Retail Partners, LLC (the “Agent”) and Circuit City Stores, Inc. and Circuit City Stores West Coast, Inc. (collectively, the “Merchant”) dated as of November 4, 2008 (the “Agency Agreement”). Capitalized terms not otherwise defined herein shall have the meaning assigned to such terms in the Agency Agreement.

Merchant wishes to exercise its option under Section 16 of the Agency Agreement to sell certain identified, owned FF&E provided that Agent agrees to modify the commission payable to Agent under the Agreement, and Agent has agreed to modify the terms of the Agreement as requested by Merchant pursuant to the terms hereof.

The FF&E to be sold by Agent is identified on Schedule I attached to this letter and is herein referred to as the “Sellable FF&E”. The Sellable FF&E is only located at the Closing Stores identified on Schedule II attached to this letter. The FF&E which is not available for sale and which Agent has no authority to sell is identified on Schedule III attached to this letter.

Notwithstanding any term or condition of the Agency Agreement to the contrary, Agent’s commission for the sale of the Sellable FF&E shall be equal to a percentage of gross proceeds (net only of Sales Taxes) from the sale of the Sellable FF&E calculated as follows:

Gross Sale Proceeds	Agent’s FF&E Commission
Less than or equal to \$1,199,999	0.0%
Equal to \$1,200,000	5.0%
Greater than \$1,200,000 and less than \$1,999,999	15.00%
Equal to or greater than \$2,000,000	25%

The commission payable to Agent shall be based on the proceeds of sale for each level shown in the grid above (i.e.: not back to the first dollar). For the avoidance of doubt and for illustration purposes, if gross sale proceeds of owned FF&E are \$1,500,000, Agent's commission would be \$105,000 (i.e.: no commission between \$0 and \$1.19 million; plus 5% of \$1.2 million (\$60,000); plus 15% of gross proceeds between \$1.2 and 1.5 million (\$45,000)).

Notwithstanding the terms of the Agency Agreement, Merchant shall be responsible for payment of (a) all expenses actually incurred by Agent in connection with the sale of the Sellable FF&E to the extent set forth in the budget attached to this letter as Schedule IV, plus (b) an incentive fee payable to Agent's field consultants in an amount equal to four percent (4%) of the aggregate gross proceeds (net only of Sales Taxes) from the sale of the Sellable FF&E (the "Field Consultants Incentive Fee"), subject to the following:

- (1) Except with respect to the Field Consultants Incentive Fee, Merchant shall not be obligated to incur more than \$213,263 in total expenses in connection with the sale of the Sellable FF&E and Merchant shall not be obligated to exceed the maximum amount set forth for any line item of the budget;
- (2) Expenses shall be submitted to Agent on a weekly basis, including appropriate back up documentation, as part of the Weekly Reconciliation; and
- (3) Except for Occupancy Expenses and payroll expenses that are included within "Expenses", as such term is used in the Agency Agreement, no expenses incurred by Agent in connection with the sale of the Sellable FF&E shall be treated as an Expense under the Agency Agreement.

All sales of the Sellable FF&E will be subject to the terms of Sections 9.3(a), 9.4 and 9.5 of the Agreement, as if the Sellable FF&E was Merchandise.

For purposes of clarification, the parties agree that the term Proceeds, as used in the Agency Agreement, does not include proceeds from the sale of the Saleable FF&E. Proceeds from the sale of the Saleable FF&E ("FF&E Proceeds") shall mean the aggregate of (a) the total amount (in U.S. dollars) of all sales of Saleable FF&E made under the Agency Agreement, as modified hereby, exclusive of Sales Taxes, and (b) any proceeds of Merchant's insurance for loss or damage to the Saleable FF&E. FF&E Proceeds shall be segregated from Proceeds and deposited on a daily basis into accounts designated by Merchant for receipt of such proceeds (the "Designated FF&E Accounts"). To the extent Agent uses Merchant's credit card facilities for the sale of Sellable FF&E, these credit card proceeds shall also be deposited into the Designated FF&E Accounts. Merchant acknowledges that Agent may accept bank or certified checks (with funds guaranteed for payment) in connection with the sale of the Saleable FF&E and the proceeds from such checks shall also be deposited into the Designated FF&E Accounts. [NOTE-Account information to be confirmed.]

Unless otherwise agreed by Merchant and Agent, Agent agrees to use Merchant's point of sale system to ring all sales of Saleable FF&E. Merchant will provide separate SKU numbers to be used for all sales of Saleable FF&E. Agent acknowledges that use of these SKU numbers is necessary to enable the parties to calculate the commission to be paid to Agent, avoid adversely affecting the proper calculation of Proceeds from the sale of Merchandise and appropriately account for proceeds from the sale of Saleable FF&E.

To the extent the terms of this letter agreement conflict with the terms of the Agency Agreement, the terms of this letter agreement shall control. Please acknowledge your agreement to the foregoing by executing this letter where indicated below.

Very truly yours,

**A Joint Venture Composed of
Hilco Merchant Resources, LLC and
Gordon Brothers Retail Partners, LLC**

By: _____
Name:
Title:

Circuit City Stores, Inc.

By: _____
Name:
Title:

Circuit City Stores West Coast, Inc.

By: _____
Name:
Title:

**EXHIBIT B
(SALE GUIDELINES)**

EXHIBIT B
CIRCUIT CITY SALE GUIDELINES

Notwithstanding anything in the Agency Agreement² to the contrary, the following procedures shall apply to any store closing sales (each a "Sale" and collectively, "Sales") to be held at the Merchant's Closing Stores:

- A. The Sales shall be conducted so that the Closing Stores in which sales are to occur will remain open no longer than during the normal hours of operation provided for in the respective leases for the Stores.
- B. Within a shopping center, Agent shall not distribute handbills, leaflets or other written materials to customers outside of any Closing Stores' premises, unless permitted by the lease or, if distribution is customary in the shopping center in which such Closing Store is located. Otherwise, Agent may solicit customers in the Closing Stores themselves.
- C. At the conclusion of the Sales, Agent shall vacate the Closing Stores in broom-clean condition, and shall leave the stores in the same condition as on Sale Commencement Date, ordinary wear and tear excepted, in accordance with Section 6.2 of the Agency Agreement.
- D. All display and hanging signs used by the Agent in connection with the Sales shall be professionally lettered and all hanging signs shall be hung in a professional manner. The Merchant and the Agent may advertise the Sale as a "store closing" or similar themed sale; provided however, that the Sale may not be advertised as a "going out of business" or similar themed sale as provided in the Agency Agreement. The Merchant and the Agent shall not use neon or day-glo signs. Furthermore, with respect to enclosed mall locations, no exterior signs or signs in common areas of a mall shall be used. Nothing contained herein shall be construed to create or impose upon the Agent any additional restrictions not contained in the applicable lease agreement. In addition, the Merchant and the Agent shall be permitted to utilize exterior banners at non-enclosed mall Closing Store locations or at mall locations if the Closing Store has a separate entrance from a parking lot; provided, however, that such banners shall be located or hung so as to make clear that the Sale is being conducted only at the affected Closing Store and shall not be wider than the storefront of the Closing Store. In addition, the Merchant and the Agent shall be

² Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Agency Agreement dated as of November 4, 2008, by and between a Joint Venture Composed of Hilco Merchant Resources, LLC and Gordon Brothers Retail Partners, LLC, and Circuit City Stores, Inc. (the "Agency Agreement").

permitted to utilize sign walkers, A-frame, interior and exterior banners and similar signage, notwithstanding any state, county or local law or ordinance.

E. Conspicuous signs shall be posted in each of the affected Closing Stores to effect that all sales are "final".

F. Except with respect to the hanging of exterior banners, the Agent shall not make any alterations to the storefront or exterior walls of any Closing Stores.

G. The Agent shall not make any alterations to interior or exterior Closing Store lighting. No property of the landlord of a Closing Store shall be removed or sold during the Sales.

H. Agent shall keep Closing Store premises and surrounding area clear and orderly consistent with present practices.

I. The Merchant and/or the Agent may sell the FF&E located in the Closing Stores during the Sale; provided that the FF&E is not the property of the applicable landlord. The Merchant or the Agent, as the case may be, may advertise the sale of the FF&E consistent with the guidelines provided in paragraphs B and D hereof. Additionally, the purchasers of any FF&E sold during the sale shall only be permitted to remove the FF&E either through the back shipping areas or through other areas after store business hours.

J. At the conclusion of the Sale at each Closing Store, pending assumption or rejection of applicable leases, the landlords of the Closing Stores shall have reasonable access to the Closing Stores' premises as set forth in the applicable leases. The Merchant, the Agent and their agents and representatives shall continue to have exclusive and unfettered access to the Stores.